OVERSIGHT

FEDERAL EMERGENCY MANAGEMENT AGENCY

HEARING

OF THE

SUBCOMMITTEE ON
INVESTIGATIONS AND OVERSIGHT

OF THE

COMMITTEE ON
SCIENCE AND TECHNOLOGY
HOUSE OF REPRESENTATIVES

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OVERSIGHT OF FEDERAL EMERGENCY MANAGEMENT AGENCY

MONDAY, MARCH 4, 1985

House of Representatives,
Committee on Science and Technology,
Subcommittee on Investigations and Oversight,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:15 a.m., in room 2318, Rayburn House Office Building, Hon. Harold L. Volkmer (chairman of the subcommittee) presiding.

Mr. Volkmer. The Subcommittee on Investigations and Oversight will come to order.

Before I go to my opening statement, I will recognize the gentleman from Ohio for a unanimous-consent request.

Mr. Traficant. Mr. Chairman, I would ask unanimous consent that the media be permitted to take photographs and use recording devices during this hearing pursuant to House and committee rules.

Mr. Volkmer. There being no objection, the unanimous consent is granted.

I would like to wish everyone a good morning.

One of the most important responsibilities of the Congress is that of oversight. While it is certainly the duty of the Congress to make the laws, it is equally our duty to see that the laws we make are followed.

This committee is charged every year with the responsibility for authorizing millions of taxpayer dollars to be spent on Federal programs, and it is the responsibility of this subcommittee to see that this money is spent wisely, and for the purposes which the Congress, and the taxpayers, intended it to be spent.

We are here today to examine certain activities at the Federal Emergency Management Agency, activities which raise grave questions about the management of that Agency and the expenditure of funds authorized and appropriated for that Agency.

Last August 1, this subcommittee convened and heard testimony that the third-ranking official at FEMA and the Director of the National Emergency Training Center had spent taxpayer dollars to build a luxurious residence at the National Emergency Training Center, a FEMA training facility; had used a private security guard, paid for by the Government, as a personal chauffeur and servant; had used Government cars for private purposes, including taking his wife shopping; and had spent Government money to redecorate a chapel at the center for his daughter's wedding.

Further investigation revealed that there were significant problems with the two major contractors at the training center, as well. These revelations included provision of gratuities by the contractors for senior FEMA officials, which gratuities were then billed to the Federal Government. There were allegations of forgery, double-billing, nonallowable costs being charged to FEMA, unqualified subcontractors and undocumented expenses.

We learned that the head of physical security at FEMA was a convicted felon but got a top secret security clearance from FEMA anyway. We learned that Mr. Giuffrida for years had himself chauffered to and from work, despite the law that prohibits such services.

The situation is clearly not a good one, as is demonstrated by the fact that the Department of Justice has begun a grand jury investigation to look into these and other allegations.

What we hope to accomplish today, for the first time in this investigation, is to ask not only these contractors to explain some of these apparent problems, but more importantly, to ask Mr. Giuffrida to explain how this Agency has gotten into such a state under his direction.

We welcome the members of the minority who are present here today, and look forward to conducting this hearing in a cooperative spirit.

At this time I would like to recognize the gentleman from California for any statement that he may have.

Mr. PACKARD. Thank you, Mr. Chairman. Good morning, ladies and gentlemen.

Mr. Chairman, I hope this hearing today will allow us to answer the basic questions which have faced this subcommittee regarding the Federal Emergency Management Agency.

I feel these questions go beyond the charge of misconduct and mismanagement. As Federal officials, either elected or appointed, we have certain responsibilities to the public. One of those responsibilities is to make sure that our actions are a positive reflection not only on ourselves, but also the Government we serve.

We must avoid actions, statements, or decisions which offer even the suggestion of impropriety. In reviewing these questions before us today I am concerned over what I sense is a disregard of these responsibilities.

As a member of this subcommittee, I want to make it clear that such disregard by any Federal official elected or appointed is intolerable. If this subcommittee finds evidence of wrongdoing, then action must be taken.

Even more if we find unwillingness to adhere to standards required by Federal office then I feel such unwillingness is also grounds for objection.

On the other hand, all those being investigated are entitled to a fair and unbiased hearing. Innuendoes, assumptions, and false conclusions by staff or members of this subcommittee are neither appropriate nor should be tolerated.

This morning as I drove by the Supreme Court building I was struck by the words on the front which said, "Equal justice for all". That should be the standard set for this subcommittee during this hearing.

Mr. Chairman, I look forward to a hearing where the truth is the object and the end result of all that we do here.

Thank you very much.

Mr. VOLKMER. Thank you.

I now recognize the gentleman from New Mexico, the ranking member on the full committee, for an opening statement.

Mr. LUJAN. Thank you, Mr. Chairman.

Mr. Chairman, I welcome the opportunity to be here with you today for this hearing on allegations against FEMA. As we are all aware, this matter was the subject of inquiries by this subcommittee during the last session of Congress and those inquiries were made by partisan politics.

It is my hope this hearing today will answer the questions raised about the Agency. We stand ready to cooperate and participate fully in this matter.

Let me say that we share your wish to get answers to the charges raised. It is our duty. That is why we are here.

Thank you, Mr. Chairman.

Mr. VOLKMER. I thank the gentleman.

At this time we will call our first panel. The panel will be composed of FEMA employees.

As I call your name, I would ask for each of you to come to the table. We don't have enough chairs there. I guess some will have to sit behind the table.

We would ask that you speak and address any statement you may have, in the order in which your name is called. And before we have any testimony, we will swear all of you under an oath I will give to you.

To start off with, Mr. Louis Giuffrida, Mr. Robert Morris, Mr. Gerald Martin, Mr. George Jett, Mr. Frank Payne, George Smith, Ron Face, Patricia English, George Patrick, and Mr. Ron Eberhardt.

I would like for all of you to raise your right hand and complete the following oath. Do you solemnly swear that the testimony you are about to give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. EBERHARDT. I do.

Ms. ENGLISH. I do.

Mr. FACE. I do.

Mr. GIUFFRIDA. I do.

Mr. JETT. I do.

Mr. MARTIN. I do.

Mr. MORRIS. I do.

Mr. PATRICK. I do.

Mr. PAYNE. I do.

Mr. SMITH. I do.

Mr. VOLKMER. Thank you very much. You may be seated.

We will begin with Mr. Giuffrida. Mr. Giuffrida, your statement which you have been so kind to furnish to us will be made a part of the record in full at this point in the record. You may either review the statement in full or summarize, however you so desire. You may begin, Mr. Giuffrida.

TESTIMONY OF LOUIS O. GIUFFRIDA, DIRECTOR, FEMA, ACCOMPANIED BY RON EBERHARDT, PATRICIA ENGLISH, RON FACE, GEORGE JETT, GERALD MARTIN, ROBERT MORRIS, GEORGE PATRICK, FRANK PAYNE, GEORGE SMITH, EMPLOYEES OF FEMA

Mr. GIUFFRIDA. Thank you.

I appreciate this opportunity to come up before the committee in open hearing to answer all of the questions and set the record straight. I defer reading any statement or recapitulation of the statement and would prefer to give the time directly to the committee, since the statement will be included in the record anyway, Mr. Chairman.

[The prepared statement of Mr. Giuffrida follows:]

STATEMENT OF
THE HONORABLE LOUIS O. GIUFFRIDA
DIRECTOR, FEDERAL EMERGENCY MANAGEMENT AGENCY

before the

SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT
COMMITTEE ON SCIENCE AND TECHNOLOGY
U.S. HOUSE OF REPRESENTATIVES

MARCH 4, 1985

Mr. Chairman:

I am glad to have this opportunity to appear to discuss management and administration of the Federal Emergency Management Agency's (FEMA's) programs and to respond to the questions of the Committee. In your letter of February 15 inviting FEMA to testify, you requested 10 of our officials to be available to answer your questions; each of them is with me today.

The purpose of my statement this morning is to give an historical perspective of FEMA during the last 4 years so that we will have a common point of reference in viewing the items of our mutual concern today. I will briefly present what the Reagan Administration inherited in the fledgling agency called FEMA, my instructions on what to do with it, the accomplishments the agency has made, and the improvements that I see still need to be made.

In December 1980 the Transition Team of then President-elect Reagan filed their report on the organization of FEMA. The team chairman was Dr. Robert H. Kupperman, Center for Strategic Studies, Georgetown University. These are some of the conclusions extracted from the report summary:

> --"FEMA is less than 2 years old, though many of its components are the progeny of past bureaucracies. The agency is, in fact, a collection of aging entities clad in the Emperor's new clothes."
>
> --"As one would expect, a new agency, which was literally shoved together and rationalized as the 'mitigation' arm of government, would have severe growing pains. The difficulties of organization and management, no matter how severe, are tolerable, were a briliant star in site. The Transistion Team saw no such omen, but was breathtaken by the specter of fiscal and programmatic chaos."
>
> --"Complicating matters further are the social engineering efforts of the Federal Insurance Administration which have led FEMA to administer a contingent liability of $100 billion for flood insurance, and various other programs, including crime insurance . . . ."
>
> --"FEMA is chronically in bureaucratic difficulty."
>
> --The directorship of FEMA is among the most thankless jobs in the U.S. Government. Long days--virtually the entire week--with the reward of being ignored or even abused. To the initiated, the acceptance of the FEMA directorship is a masochistic act."

In spite of reading this report, when President Reagan asked me to take this assignment, I could not refuse. Like you may be reacting to these statements, I first thought that the Transition Team report had taken political license in exaggeration. However, I quickly learned how accurate Dr. Kupperman and his colleagues had been.

After the Tranistion Team report, the Comptroller General of the United States issued a report to the Committee on Governmental Affairs, U.S. Senate, Implementation: The Missing Link in Planning Reorganizations, dated March 20, 1981. This report confirms the Transition Team's findings attributing them to Agency startup problems. These are some of this report's findings:

--FEMA was virtually leaderless during the early months of its existence. Its Director was not confirmed until 10 months after the reorganization plan was approved; a total of 23 months passed before all 16 top management positions were filled.

--FEMA's budgeting, accounting, and payroll systems were not finalized as of February 1981--29 months after the reorganization plan's approval (For the record, let me state that it was still not finalized in May 1981 when I was confirmed).

--Lengthy negotiations between losing and gaining agencies caused staffing problems for FEMA. The Department of Housing and Urban Development transferred 35 administrative positions to FEMA; however, funds were not made available for the positions.

--FEMA's headquarters is spread out in 7 different locations in the Washington, D.C., area. The resultant dispersal of personnel has led to:

- --inadequate interaction among personnel in the different locations, causing a lack of coherence and a feeling of disunity among staff members;
- --feelings that individual offices are semi-autonomous; thus, making it difficult to establish an agency identity;
- --a need to establish administrative coordination among the different locations by placing an administrative officer at each Washington site; and
- --extra costs involved in traveling and operating a mail system between each building.

--FEMA had many difficulties in developing accounting, budgeting, and payroll systems. For example, the transfer of insufficient accountants hindered establishment of FEMA's accounting system.

Upon being confirmed as Director in May 1981, I asked, through the office of Senator John Tower, for the U.S. General Accounting Office (GAO) to conduct a "base-line audit" of FEMA's financial and operational status so that we would have a factual document of actual conditions.

On December 27, 1981, before completing the audit, GAO issued an interim report stating, "because we want to underscore the severity of the management and organizational problems that have plagued FEMA since it was created in 1979." This interim report to me also stated, "You and your management team have taken an aggressive approach in identifying and responding to many of FEMA problems. We found that, in some instances, special projects and task forces addressed or will address known deficiencies."* Later in my statement, I'll address some of the actions we took.

GAO identified 119 management and 26 financial and accounting deficiencies in their report. An excerpt from the long list of deficiencies listed in this report include:

--A complete absence of internal controls over the Agency's financial operations.

--A backlog of over 10,000 unpaid bills.

--Financial reports had not been submitted to OMB and Treasury since establishment of the Agency.

--Financial information on the status of current funds was nonexistent.

--There was no budgetary strategy in terms of goals and objectives, and there did not exist any internal methods for preparing the Agency budget.

--There were many employees who had waited 7 months for payment of travel reimbursements.

--Vendors were unwilling to make deliveries to FEMA or to enter into contracts with FEMA.

--There was no acquisition management system.

--In short, the basic information upon which to base inquiries into economy, efficiency, and effectiveness did not exist on an Agency-wide basis.

--Staffing is a major cause of FEMA's accounting deficiencies. As of May 1981 FEMA had 4 staff members with accounting qualifications (GS-510 series) out of 36 full-time permanent staff in its accounting office. As a result, employees not trained as accountants were responsible for most of the administration, development, and oversight of accounting operations.

--Compounding the lack of formal budget policies and procedures was the unreliability of input data. In some instances the budget office used erroneous data in preparing estimates. For example, Fiscal Year (FY) 1982 salary benefit costs were underestimated by $7.5 million because they did not adjust estimates to reflect the prior year's 9.1 percent pay raise.

--There were no accurate job descriptions for any of the employees.

--FEMA was in violation of laws involving equal opportunity, minority rights, etc., and was being severely criticized in Congress for these deficiencies.

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*Underscoring added

--Investigations by the Office of the Inspector General (OIG) had been limited.

--As of October 1981 the OIG had 12 full-time professional staff in the headquarters office and another 17 in the regional offices. This limited staff precluded the OIG from performing many audits and investigations.

One can appreciate the difficulty of trying to manage an organization with a budget of over $1 billion without knowing how much money you had available for use or how much had been spent. For example, our initial review disclosed that we immediately needed a $25 million supplemental appropriation in order to meet the Agency's obligations for the remainder of the fiscal year. This incredibly disorganized situation then was the "base-line" from which my administration of FEMA began.

My instructions from the White House were simple: "Go and make FEMA a real Agency that can fulfill all its missions." As you well know, these missions range from dealing with all emergencies to administering the Federal insurance program to ensuring the continuity of the Federal Government in times of severe emergencies. My early goals were to solve the immediate financial problems, organize the Agency's financial management systems, and create a strong organization which could meet the Agency's operating needs and provide effective control of funds and resources. At the same time, we completely reorganized the Agency not only to obviate old turf perceptions and to end potentially fatal, internecine warfare but, more importantly, to create a much needed new FEMA identity and make some logic out of the people, money, and missions which were acting independently at seven different locations throughout the city.

These initial goals were met by bringing the pieces of the Agency together at our present location and by consolidating financial management responsibilities and resources within 6 months of my Senate confirmation. We then searched for and found an experienced Comptroller to manage these resources and required him to report directly to me. When he had completed his task of establishing financial procedures and controls, I appointed him Inspector General. We also strengthened the OIG by providing additional resources and redirecting their focus to internal audit matters. These changes brought about the following positive financial management results:

--A budget formulation process that facilitates Agency, Presidential, and Congressional budget decisionmaking is in place and working.

--A process for the execution and control of the Agency budget now exists.

--Funds, property, and other assets are safeguarded.

--Accounting professionals have been hired and other staff have received additional training.

--Our own audits of FEMA programs have resulted in recovery by the Federal Government of funds totaling $50 million from April 1, 1981, through March 31, 1983. Investigations of beneficiaries of these programs have resulted in persons indicted or charged and 39 persons convicted.

--Investigations of fraudulent crime insurance claims in New York, conducted jointly with the Federal Bureau of Investigation (FBI), resulted in the conviction of 14 persons involved in $8.8 million in claims filed over a 3-year period.

--Implementation of FEMA recommendations to employ general adjusters and reinspect flood insurance claims has resulted in an estimated savings of $3 million.

--FEMA has identified 40 cases where flood claim payments resulted from alleged negligence of other parties and where Federal funds can be recovered. The total amounts being pursued are some $20 million, of which $500,000 has been recovered so far.

--Rate increases for coverage under the National Flood Insurance Program reduced the expenditure of Federal funds by $124 million in 1983 without degrading the effectiveness of the program.

--Working in litigation with the State of Kentucky and the City of Louisville, recovered nearly $12 million in Federal funds expended in a 1981 sewer explosion declared a major disaster. This recovery constituted 98 percent of the total Federal outlays for that event and is the largest recovery in the 15-year history of the Disaster Relief Program.

--The time to process payment vouchers and related financial documents has been reduced from about 10 months to 1 month.

In addition to these finance-related problems that we inherited and solutions we have applied, there were many management and Agency programs that deliver emergency relief to the citizens of our Nation during the myriad of natural and manmade major emergencies and disasters which had been neglected by a lack of strong FEMA leadership. We have addressed many and the following are some of the highlights:

--To enhance total emergency operating capabilities at State and local government levels, matching funding for building and equipping Emergency Operations Centers (EOC's) was reinstituted. This resulted in allocating funds for 215 EOC's in FY's 1982 and 1983. This was combined with improving planning and use of the Emergency Broadcast System in peacetime disaster.

--A program utilizing military reservists, individual Mobilization Augmentees (IMA's), to help develop civilian emergency management systems at State and local governments benefited from FEMA funding and policy support as the number has grown from 700 to over 1,000 nationwide.

--Through FEMA's efforts, the 1967 U.S./Canada Agreement on Civil Emergency Planning was reactivated, leading to FEMA-hosted meetings of the U.S./Canada Consultative Group. As a result, two vital working groups on telecommunications and transportation were established and are actively engaged pursuing planning in these critical areas.

--FEMA's interest in the President's Caribbean Basin Initiative has resulted in plans for sharing technical guidance throughout the region and extending invitations for training to disaster-prone countries of the Caribbean.

--Since 1980 the United States has had a bilateral agreement with Mexico concerning cooperation in cases of natural disaster. As a result, Consultative Committee meetings have been held and two working groups on Geological and Hydro-Meteorological Phenomenon were established to address the numerous problems each of our nations face within these categories. The Director of FEMA chairs the U.S. Delegation. Meetings of these groups have resulted in approval of joint U.S./Mexico proposals on hurricane preparedness planning in the Brownsville/Matamoros border area and earthquake preparedness planning in the San Diego/Tijuana border area.

--Oversaw the first major acquisition program for the National Defense Stockpile in more than 20 years. The value of the program since 1981 stands at $290 million in planned or proposed barter acquisition.

In May 1981 I established the National Emergency Training Center (NETC) at Emmitsburg, Maryland, on the campus of what used to be Saint Joseph College. NETC houses the National Fire Academy (NFA), the Emergency Management Institute (EMI), the Senior Executive Policy Center (SEPC), and the U.S. Fire Administration (USFA). It has already acquired an international reputation for innovative and effective programs of instruction, and the requests for admission increased so dramatically that we are taxing the capacity of the facility. As a result, we are in the process of completing plans for the establishment of a western campus. There is no other similar emergency management related training facility in the world.

--NFA has completed 5 years of operation at Emmitsburg, Maryland. In this period, over 30,000 students have been trained "on-campus;" over 90,000 "off-campus;" over 40,000 have been reached through State and local implementation of the Academy's "hand-off" efforts called "Train-the-Trainer;" and over 5,000 students have been enrolled in the "Open Learning in the Fire Service Program." All of these programs are cost-shared where the Federal expenditures are matched by State and local governments.

--Development work was completed on a new program for architects, engineers and interior designers. It was developed in conjunction with the American Institute of Architects, the Institute of Business Design, and the Marriott Corporation, dealing with the issue of "Fire Safe Building Design."

--Coordinated two national fire conferences: "1984 National Public Fire Safety Education and Burn Prevention Conference" with 760 participants and "Stonebridge III" a national conference for representatives of the volunteer fire service at which 47 States were represented.

--Formulated and introduced the Program Team concept as part of the Academy course development process. This has become the initial phase of the development process and involves the identification of 10-15 content experts from throughout the Nation's fire service community. This "Program Team" is invited to the Academy for a 3-day session to "brainstorm" potential content topics for a proposed course area. The course development team follows the program team and develops the necessary educational modules as recommended by the Program Team and approved by Academy personnel. This process was tested on three courses in FY 1984.

--Developed the Course Development Project model with tasks/timelines, standard operating procedures, and campus inter-relationships; plus, standards for formatting, pagination, front-matter layout, and acknowledgment pages. This major undertaking has defined for the first time in the Agency's history, the course development/production/revision cycles and procedures for text and media preparation. Computerization of this project model to the new "Master Curriculum Plan" was initiated.

--Coordinated the development of the new Emergency Management Computer Aided Trainer with the Assistance of the National Aeronautics and Space Administration (NASA). It will be used to simulate fire scenarios for ground commander training.

I feel that FY 1984 was a turning point in emergency management training. For the first time, FEMA's EMI has succeeded in bringing together everyone who must perform the functions that save lives and property. Furthermore, they learned, in a classroom environment, that the capability to answer the call when a crisis occurs depends upon how well they have planned with each other in advance of the requirement.

It is important to note that in FY 1984 FEMA changed significantly student perspectives on emergency management training from what they had been over the previous 20 years. Beginning in FY-1982, our courses were redesigned so they would be realistic learning experiences for those who must respond in a leadership capacity during an actual emergency.

Equally important, the classroom environment was viewed as an opportunity to establish working relationships among colleagues within and among communities throughout the United States.

Major Accomplishments of EMI

--Nationwide, 3,947 courses were conducted and 105,947 students participated in these training activities. This represented a 15 percent increase in courses conducted over the previous fiscal year (3,947 versus 3,342) and a 4 percent increase in student participation (105,947 versus 102,165).

--The number of courses conducted at EMI increased 39 percent (85 versus 52 in the previous year), and 10 percent more students participated (3,489 versus 3,150).

--Under Comprehensive Cooperative Agreements with States, 3,862 courses were conducted with 102,458 students participating. This represented a 15 percent increase in courses conducted (3,862 versus 3,290 in the previous fiscal year) and a 3 percent increase in student participation (102,458 versus 99,015).

--Our Self-Study Program experienced a decrease in enrollments but not in completions as States assumed administration of the program; however, the decrease was not dramatic. Although overall enrollment decreased from 10,690 in FY 1983 to 7,222 in FY 1984, the percent of completion was higher in FY 1984 than FY 1983 (70 percent versus 60 percent). This compares very favorably with the national self-study completion rate of 32 percent. The drop in enrollment occurred in the 4th quarter while the transition was made to administration of the program by the States and one of three courses available was being revised.

Course Advancements

--The Integrated Emergency Management Course, a realistic, multiple-agency, exercise-oriented training activity, was conducted 17 times, 7 of which were conducted for specific communities at their request and included San Francisco (preparation for the National Democratic Convention); Los Angeles (preparation for the Olympics); New Orleans (preparation for the World's Fair); Fort Worth, Texas; Alexandria, Virginia; Ventura, California; Green County, Wisconsin; and for three Tennessee counties in preparation for operation of a new Tennessee Valley Authority nuclear power plant. There were a total of 1,369 participants representing 49 States, the District of Columbia, six U.S. Territories, and four foreign countries.

--The Professional Development Series for emergency program managers and their team members was fully implemented by States along with resident instructor training courses. These courses were successfully deployed through the Field Program as 191 courses were conducted with 4,207 student completions.

--The Disaster Preparedness Seminar presented jointly by EMI and the International City Management Association continued to be a valuable and well-received residential training activity. So much so that in response to numerous requests for more training opportunities by city managers, plans are to have one such seminar conducted in each of 10 FEMA regions in FY 1985.

--The new Radiological Training Series courses were piloted along with instructor qualification courses. These courses were successfully deployed through the Field Program. The series consisted of 11 courses, including three instructor courses, all designed to support and sustain local radiological defense programs into a community radiological protection program.

--The Train-the-Trainer qualification program had its first full year of implementation during FY 1984. With 9 courses available, 22 offerings were conducted at EMI and 670 student completions representing all 50 States, plus Guam, the Virgin Islands, American Samoa, Puerto Rico, and the District of Columbia.

--Other new high-demand courses centered on the following subject areas: hazardous materials, earthquake response and mitigation, intergovernmental relations, emergency health and medical management, shelter systems, the Federal coordinating officer, formulating public policy, disaster assistance center operations, and hazard mitigation.

The Radiological Emergency Response Team Training Course was conducted at the Nevada Test Site near Las Vegas. This 8-1/2 day course is designed for members of State and Federal teams who are called upon by first-responders at the local level of government in the face of incidents involving various radiological hazards, particularly for nuclear power plans and transportation emergencies. During FY 1984, 10 such courses were conducted for 224 students representing 41 States.

In FY 1984 EMI trained 670 field instructors.

--Consistent with the President's policy of private-sector involvement, FEMA established a national review panel of deans, faculty, and educational administrators to introduce the subject of emergency management into graduate level programs in public administration.

--In an effort to continue the exchange of comprehensive emergency information between the United States and foreign nations in such a manner as to enhance U.S. foreign policy objectives, FEMA, in conjunction with the Department of State, has provided an orientation of FEMA's programs to approximately 125 foreign officials representing 29 countries, plus NATO. Several foreign countries are considering restructuring their emergency management organizations to follow the FEMA model.

--FEMA awarded $210 million to a national volunteer board to bolster emergency food and shelter activities for the needy through the winter of 1984. More than 960 jurisdictions containing 57 percent of the Nation's unemployed received grants.

--FEMA's Hurricane Preparedness Program focused on 22 high-risk areas identified by FEMA and the National Oceanic and Atmospheric Administration (NOAA). The vulnerability of these areas is determined by geographic location juxtaposed with the density of their populations.

--Hurricane preparedness plans were completed for Galveston/Houston, Texas.

--Procedures were developed through the interagency Committee on Hurricane Preparedness to utilize other Federal sources of expertise such as the U.S. Army Corps of Engineers and NOAA in the evacuation of proposals for hurricane preparedness efforts.

--FEMA coordinated, developed, and published the "Federal Radiological Emergency Response Plan," a formal guideline that assists State and local governments in the development of radiological emergency preparedness plans. The plan was successfully tested at a nuclear power plant in Florida.

--Project Delta, a program designed to combine three Federal disaster aid programs (Temporary Housing Assistance, Individual and Family Grants, and the Small Business Administration's Disaster Loan Program) into a single application process for the individual disaster victim, was field tested in 1983. The results of these tests will help to further streamline the program.

--Through its position as the lead agency in dam safety in both Federal and non-Federal sectors, and as the chair of the Interagency Committee on Dam Safety, FEMA coordinates 19 agencies and bureaus for the safety of Federal dams. In addition, FEMA provides a forum whereby agencies can jointly address dam safety issues and can suggest avenues for their resolution. In the non-Federal sector, the Agency's activities are channeled toward providing, directing, redirecting, and supplementing available resources to assist the private sector in fulfilling its dam safety responsibilities.

--USFA developed a computerized Arson Information System which gives fire officials the capability to combat "arson for profit" by identifying buildings likely to be targets, providing indepth data on buildings involved in suspected arson fires, and creating profiles of likely arsonists. Now online in several test cities, this FEMA system is also being used by the FBI Academy for identification of arsonists. Officials of Knoxville, Tennessee, used the system in preparing for the 1983 World's Fair and credit it with reducing their arson problems 37 percent in 1 year.

--USFA initiated a "National Community-Based Fire Prevention Program" to unite the Nation's fire service, the private sector, volunteer agencies, community-based groups, governors, and the Federal Government in an all-out effort to reduce fire losses. Fire prevention through these community volunteers is aimed at making homes safe from fire through public education and the increased use of fire prevention technology.

I do not suggest that we have successfully resolved all of the problems that face this young agency, but I do honestly believe that this Administration has every right to be proud of the improvements that we have made at FEMA. We are ensuring that there is in place a mechanism to address the emergency and national security needs of the United States.

Change does not necessarily assure progress, but progress implacably requires change. Robert F. Kennedy, as Attorney General, said, "Progress is a nice word. But change is its motivator and change has its enemies." To accomplish the progress that I have summarized for you, we had to make many changes in personnel, procedures, strategy, etc. And, change does have its enemies. Not only in people who may not want change, but in errors made when procedural changes are made and people are learning. Learning the style of new reporting channels as well as procedures. There is nothing harder to administer than change.

In this process of change everything has not been perfect, and we still have mistakes to correct and improvements to make. We know that we must continue to improve our contracting procedures; continue emphasis on the Federal Prompt Payment Act; continue emphasis in employee selection, training, utilization, and evaluation; continue improving effectiveness even as budget constraints increase; continue increasing private-sector participation in emergency preparedness; and, lastly, we need to continue improving our partnership with the Congress.

In all these areas we are taking vigorous action and welcome your assistance. Thank you. I am prepared to answer questions to the best of my ability, taking into consideration that many of FEMA's files have not been available for our review for more than 4 months.

Mr. **Volkmer**. Do you wish to make any further statement?

Mr. **Giuffrida**. No, sir. I would prefer the statement be included in the record and I get right to answering the questions.

Mr. **Volkmer**. Do any other members in the order called wish to make a statement? Anyone?

Then we will begin with questioning.

I do have some questions I would like to ask right away of Mr. Giuffrida. I would like to know what the present status is of the Triton contract.

Mr. **Giuffrida**. The Triton contract is due to expire in toto on April 1. They will have completed all of the deliverables that were contracted for some 6 months ago.

The contract, per se, terminated February 18, and we gave them the additional 30 days to deliver the things that have already been included in the contract.

Mr. **Volkmer**. When was that extension granted, Mr. Giuffrida?

Mr. **Giuffrida**. I cannot give you the precise date, sir, because I don't have the record in front of me. But within the past 2 weeks I would say.

Mr. **Volkmer**. Has the extension been extended since February 15?

Mr. **Giuffrida**. Yes, I think that is correct, sir. I don't know the precise date.

Mr. **Volkmer**. Was that extension because of a phone call made to Mr. Ron Face of FEMA from Mr. John Smith of Triton in which it has been told—I have a memo before me—Mr. Face was told—

> Triton is very interested in getting a modification put into place to continue their work effort to 31 March 1985. We hope there are positive actions in that direction in the next few days. If there is no positive action in that direction in the next few days, the 4 March hearing could be disastrous.

Mr. **Giuffrida**. Mr. Chairman, that memo or phone call had absolutely nothing to do with that decision. We had had a series of discussions, obviously, about the impact of the Triton contract on the training program at NETC. That memo had nothing to do with it, or that phone call.

Mr. **Volkmer**. Well, I have here a memorandum—and Mr. Face is here, perhaps you could correct me if this is incorrect in reading from this memorandum. It is dated February 15, 1985. It says:

> Memorandum for the record from Ronald P. Face, Jr., Assistant to the Associate Director, Training and Fire Program, subject: Triton Corporation.
>
> At 9:30 a.m. on this date I returned a phone call to Mr. John Smith, Triton Corporation.
>
> John Smith remarked to me that he was asked by Al Ferri, counsel for Triton Corporation, to pass on two messages. John Smith relayed to me that, "We are preparing a Freedom of Information request to the agency for all documents, notes, related to Research Management Corporation." The second message was, "Triton is very interested in getting a modification put into place to continue their work effort to 31 March 1985. We hope there are positive actions in that direction in the next few days. If there is no positive action in that direction in the next few days, the 4 March hearing could be disastrous."

Do you know why the 4, March hearing would be disastrous, Mr. Giuffrida?

Mr. **Giuffrida**. No, sir. I have no idea. I had no part of the phone call nor any conversation between anyone from Triton and any member of the FEMA staff.

But I will state categorically that that phone call or that memo had absolutely nothing to do—we had been discussing the completion of the deliverables long prior to February 15, and had gone through a series of meetings—most of these people here on the platform—Mr. Jett, Mr. Martin, Ms. English and so on, were in those meetings. They had been going on for weeks.

Mr. VOLKMER. I will in all fairness read the second paragraph of that memo. "John Smith continued on to say that he hoped I did not perceive the messages to be a threat"—I don't know what they are—"that he was just passing the message from Al Ferri."

Mr. GIUFFRIDA. Mr. Chairman, I don't respond to threats. I did not perceive that as a threat. I see it as a conversation over which I had no control, no input.

We were already in the process of trying to address the real requirements at the National Emergency Training Center to conclude the deliverables that were due from Triton.

Mr. VOLKMER. There is another memo from Mr. Face dated the same date.

> Memorandum for the record. Subject: Triton Corp. At approximately 9:35 a.m. this date, Frank Meehan, Triton Corp., came into my office and informed me that he had just visited with Ken Davis, Triton Corp., and Ken Davis had informed Frank Meehan that Triton Corp. was posturing for a hard-hitting, no-holds-barred fight against FEMA concerning their contract. I relayed this information to George Smith, Office of the Executive Administrator, FEMA Headquarters, at 9:40 a.m. this date.

Mr. GIUFFRIDA. That is the first time I have heard that, Mr. Chairman.

Mr. VOLKMER. Mr. Smith, did you relay this information?

Mr. SMITH. Yes.

Mr. VOLKMER. What did you do as a result of that information?

Mr. SMITH. I only advised Mr. Face to make memo for the record and did not react to that, sir.

Mr. VOLKMER. Had any of this been discussed by any of you with Mr. Ferri other than Mr. Face?

I am not asking you if you had or not. Has anyone discussed this with Mr. Ferri at all?

Mr. GIUFFRIDA. No, sir, not that I know of.

Mr. VOLKMER. Who have you discussed, outside the FEMA employees, about continuation of the Triton Corp. contract, extension of it, since February 15?

Mr. GIUFFRIDA. My discussions, sir, have been limited to the members of the FEMA staff that are at this table here.

Mr. VOLKMER. I am asking now, members of the FEMA staff if they have, raise their hand, talked to anyone outside, to other people. Anybody in Triton?

Mr. JETT. I am George Jett, the general counsel. The Department of Justice, as you indicated, is looking into these matters. One of the representatives of the Department of Justice team that is reviewing the matter did talk to me about the situation with Triton, and I did explain the current status.

Mr. VOLKMER. But you have not discussed it, nor anyone here has discussed it with anyone in Triton, that you are going to continue it, other than Mr. Face. Is that correct?

Mr. Face, let me ask you. Have you had any other conversation, other than these two memorandums, with anybody from Triton since February 15?

Mr. Face. Yes, sir. On February 19 I talked to Mr. Smith again. In response to a question I had asked him on the 15th: "What did that mean?" That was my question to him?

Mr. Volkmer. What response did you get from Mr. Smith?

Mr. Face. On the 19th, he explained to me his understanding of that message of the 15th. And this past Friday two folks from the Department of Justice interviewed me with regard to that—those two memos that you have, and the third memo of February 19, and I gave them a copy of all three of those memorandums.

Mr. Volkmer. Do you happen to have a copy of that February 19 memo with you?

Mr. Face. No, sir. I sure don't.

Mr. Volkmer. Did Mr. Smith explain to you on the 19th what he said on the 15th?

Mr. Face. Mr. Chairman, he essentially—it was that Triton has been very concerned with the lack of a modification for them to do work and to bill against that work which they had been permitted to do under a chain of letters, of authorization to incur expenses.

And Triton Corp. has been concerned that the lack of the modification has not permitted them to bill against the expenses that they have incurred.

Mr. Giuffrida. Mr. Chairman, when you asked if anyone had talked with anybody from Triton, clearly in this process the contract people, acquisition management people, have been talking with Triton. That is Ms. English, for example, on the panel now.

Mr. Volkmer. All right.

Who authorized the extension for the month of March? That is what we are into now.

Mr. Giuffrida. Mr. Martin can answer that.

Mr. Martin. Mr. Chairman, technically, the contract expired on February 28. There were some 16 tasks involved that we authorized to go over into the month of March, so that they could complete these. Technically the contract has expired.

And we authorized Triton to continue working on those 16 tasks at which time they would be through working at NETC, and we would then go on the market competitively for the contract beginning July 1.

Mr. Volkmer. Well, Mr. Martin, let me ask you this. You heard the language that has been used in Mr. Face's memorandum by the Triton people and the language that the March 4 hearing could be disastrous. Now, my question to you is, as you reviewed the necessity or nonnecessity of giving them that extension, what would that language mean to you?

Mr. Martin. Well, we considered extending those tasks. I know nothing of that memo. It did come to my attention later. But it meant nothing to me because I had no idea what they were talking about.

Mr. Volkmer. Now, the tasks that are to be extended to March 31 are to be completed by March 31?

Mr. Martin. That is correct. During the month of March. But the latest one is no later than March 31.

Mr. **Volkmer**. And on that extension, is that under a performance type of contract or a set price type of contract, or what?

Mr. **Martin**. They are on the individual task concerned. I would have to get some—I cannot answer that latter question.

Mr. **Jett**. Maybe I can help, Mr. Chairman. The tasks are unpriced as of now. Ms. English, the contracting officer, has sent a modification to Triton formally indicating that the task would be authorized for delivery in March and asking Triton for a price. It has been the same way we have been working with this contractor for about 3 years.

But just to clarify, we have issued in the Commerce Business Daily an announcement that the procurement will be competitively awarded this year. We are seeking bids from across the industry. That solicitation should go out. We have a target for the middle of this month to have that out. And we would hope that we would have open competition for the education support service operation at Emmitsburg on July 1.

Mr. **Volkmer**. All right. Thank you.

I have used my time up on the first round. I have quite a few other questions. We will get to those after other members have had an opportunity.

I will now recognize the gentleman from California for questions that he may have.

Mr. **Packard**. Thank you, Mr. Chairman.

Mr. Giuffrida, I would like to get to the heart of some of the allegations that have been made.

Did you intend to use the second floor of building G as an onsite residence for either yourself or other officials of FEMA?

Mr. **Giuffrida**. It was never the intent. It is still not the intent, Mr. Packard, to use the upper floor of building G as a private residence for any official of FEMA.

Mr. **Packard**. What was the intent of the facility?

Mr. **Giuffrida**. The intent of the facility, if I may quickly review the history of that building, when that campus was purchased, that building was determined not to be fit for occupancy.

In 1979 the Department of Commerce went out and asked for a bid to rehabilitate it. The bid that came back was a million something thousand, $100,000. I don't remember the precise number.

When the training programs that we had instituted at the time, the National Emergency Training Center [NETC] began to really take hold, most of those programs, particularly those in the Emergency Management Institute, are specifically designed to bring entire political entities to the campus so that they can get in a controlled classroom environment and work out problems.

For example, we had the mayor of Los Angeles and his entire staff. We have had the city of Atlanta and staff and people of that caliber.

And the intent, frankly, sir, was to have that building converted into dormitory space downstairs—I think eight rooms or nine rooms downstairs and four upstairs that would be in effect senior official students who would have such things as a bathroom rather than go down the hall. And that is the process for which it is being used right now.

Mr. **Packard**. So the facility has since been completed and is in use.

Mr. **Giuffrida**. That is correct.

Mr. **Packard**. And is it being used for the purposes for which you understood it to be built?

Mr. **Giuffrida**. That is correct.

Mr. **Packard**. The indications are that there was a significant increase in the cost of that facility, something like $170,000 add-ons. Could you explain that?

Mr. **Giuffrida**. Yes, I would be pleased to do that, Mr. Packard.

As a matter of fact, the money that we spent on the building would have been more except that the NETC staff did a lot of work themselves, frankly. It came out to a cost of about $34 and something per room, per bedroom.

When the allegations of excessive cost and personalized use surfaced, the project was reviewed by an independent construction consultant who concluded that we got a real bargain.

For example, at a college—and they use colleges as terms of reference to measure the per-room cost—they ranked anywhere from $25 more per-room cost to $112 more per-room cost. It was a good investment.

The building is being used not only for the purposes intended, but also for some of the training demonstrations that go on up at the NETC.

Mr. **Packard**. How often are those facilities used for yourself, your wife, and other members of your executive staff?

Mr. **Giuffrida**. I have never used it and to my knowledge, none of the rest of the staff has every used it.

Mr. **Volkmer**. Would the gentleman yield?

Mr. **Packard**. I would be happy to yield to the Chairman.

Mr. **Volkmer**. I have a memo before me dated March 5, 1984, Office of the Director of Federal Emergency Management Agency. It says—the initials are "LOG."

Mr. **Giuffrida**. That is me, sir.

Mr. **Volkmer**. I am sure you are cognizant and know of this memo.

Mr. **Giuffrida**. Yes, sir, I do.

Mr. **Volkmer**. It says: "Where are we on authorizing quarters for me on post at NETC-E and NETC-W."

Mr. **Giuffrida**. I am pleased to answer that question, Mr. Chairman.

Mr. **Volkmer**. I would appreciate it.

Mr. **Giuffrida**. It is my conviction, and I have been involved in running training programs for a long time, that the person responsible for running an operation on the order of magnitude that the Agency runs at Emmitsburg should live on campus.

Every other training center of similar magnitude, to my knowledge, provides campus housing including representation, space, and so on, for whoever is running that facility.

Almost the first question I directed to the general counsel when I came to FEMA, and when I established NETC, the contract was, what process do we use to authorize oncampus housing for the person in charge of the facility? And I guess I directed that question about once every six months at the general counsel's office.

When we went into the western campus in Carson City, NV, the same critical requirement exists in my judgment at Carson City.

The "me" that is there in that memo you have before you is for me to occupy, but where are we on my request for the mechanism to establish quarters on campus for whoever is running the training facility? It was never intended to be, sir, something that I would occupy.

Mr. **Jett**. Maybe I could just add one point to that, Mr. Chairman, since the memo was addressed to me.

Mr. **Volkmer**. Yes; go ahead.

Mr. **Jett**. In several previous conversations the Director and I have had about the fact of the question of a residence, I had pointed out that the current provisions of 5 United States Code, I believe it is 5923, I believe the section is, would authorize an Agency head to find that a residence on Federal property might be required.

He would have to make a finding of certain conditions present to, you know, reaching that conclusion. I outlined those to him.

But more importantly, I talked to him about the fact that the Agency would require funding, specific funding requests from our appropriations committee.

So we have never requested appropriations for the establishment of a residence. The code citation that I gave you would require that.

So I believe the Director's conversation, frankly, was that we were just in the midst of our appropriations package, and my recollection is that our conversation dealt with, does our budget package, yes or now, have any factor in it for the residence question?

That, I think, not only explains the question to me, but the timing, which was March 1984, I believe. \

Mr. **Volkmer**. I appreciate the gentleman from California yielding. If you yield just a little additional time.

Mr. Giuffrida, you have used the word "me" in this memo. To be honest with you, "me" to me means "me." It doesn't mean for somebody else.

And maybe you can explain it as you have to the satisfaction of others. But to me, and I am talking about me and not my committee now, I see here where you are saying originally that you wanted private quarters for the person who runs it.

Mr. **Giuffrida**. That is correct. And I still do, sir.

Mr. **Volkmer**. And there was some renovation going on at building G.

Mr. **Giuffrida**. That is correct.

Mr. **Volkmer**. And that renovation did include such things as a gourmet-type of kitchen facilities.

Mr. **Giuffrida**. That is not a gourmet kitchen; that is another misunderstanding.

I don't know where you find a $16,000 stove, Mr. Chairman. The stove up at NETC costs $1,200. It is a standard commercial stove.

The total cost of the kitchen was about $16,000. The bulk of the 16—and that is all off-the-shelf items—the bulk of the $16,000 is in fire suppression systems.

And that kitchen, as a matter of fact, has become a part of the instruction process at the National Fire Academy, where the students from fire departments all over the United States, and I might say, from other parts of the world, go up and look at the fire suppression system that exists in that kitchen, that so-called gourmet kitchen.

It is not a gourmet kitchen; it is a kitchen. It is narrow, has a window and a brick wall. It has off-the-shelf cabinets. It has an off-the-floor stove. It has an off-the-floor vent system.

As I said, sir, the override cost—the biggest single cost item in that kitchen is the fire suppression system.

I tell you again that the word "me" as I use it never was intended to suggest for me. I use that term on my package for it here. "Where are we on the package for me at such and such"—in precisely the same tenor, sir, I used the word "me" to the general counsel. "Where are we on this thing that I have been asking you to address since we came here?"

Mr. VOLKMER. Mr. Giuffrida, I would like to quote and read to you from the transcript of the hearings when GAO testified in regard to that stove.

The question from Mr. Gore: "First of all, let me ask you about this stove. You say this stove costs a little over $11,000." This is GAO. "Was GAO ever told who was going to use the stove of that kind?"

"Mr. ADAMS. We had several discussions with FEMA officials about that. In our first discussion, the deputy associate director stated that Mr. Giuffrida may use that stove in preparing meals for NATO visitors and then in later discussions stated that a cook from the cafeteria might come over to use that stove."

Are you saying that the GAO was wrong in that testimony?

Mr. GIUFFRIDA. I am afraid that the GAO figure was incorrect.

Mr. Chairman, the cost of that stove was $1,600.

Mr. PACKARD. Mr. Chairman, reclaiming my time, I have no problem with the memo. I recognized when I read the memo that it could be in generic terms or in overall project terms, and that does not distress me particularly.

And the stove, I am convinced that that can be resolved by simply looking at purchase orders and so forth.

It might even be helpful on that whole question for some of us to go and look at the kitchen.

Mr. GIUFFRIDA. Be delighted to have you.

Mr. PACKARD. Maybe that would be helpful.

I am concerned, though. I did not get a good answer to the question that I asked relative to the increased costs of the project.

In fact, it did increase from the $169,000 original job bid to $367,000. Even though it is still a good deal, according to your statement, it is $170,000 more.

I would like to know what that went for and if, in fact, it was change orders, where did the $170,000 increase come from?

Mr. GIUFFRIDA. I cannot quote you the breakout, Mr. Packard, on that. I can provide it, of course, in specific detail where each dollar went that went in there.

The essence of it was that most of the work was done in this building which we started out as a building not fit for occupancy.

A lot of money went into life safety things, like sprinklers and upgrading the electrical wiring system to bring it to code, and things of that sort.

But I don't have in front of me from memory the specific dollar breakout. But we will provide it.

Mr. Packard. Are there east and west coast facilities similar to what we are talking about here at Emmitsburg?

Mr. Giuffrida. I am sorry, sir.

Mr. Packard. Are there east and west coast facilities presently similar to what you have here in Emmitsburg?

Mr. Giuffrida. No, sir; none that I am aware of.

Mr. Packard. There is none on the west coast?

Mr. Giuffrida. No, sir.

Mr. Packard. Did you intend to have facilities on both coasts at one time?

Mr. Giuffrida. Maybe I miss the question. We have a campus, a western campus, in the process of establishment.

Mr. Packard. Where is it?

Mr. Giuffrida. At Carson City, NV, sir.

Mr. Packard. Is it completed?

Mr. Giuffrida. It is not yet completed, that is correct.

Mr. Packard. Will there be residences there for yourself or other FEMA people?

Mr. Giuffrida. There will never be residence for me anywhere other than where I am living with my family now.

There hopefully one day will be a residence on the campus, both at Emmitsburg and at Carson City, for the person in responsibility.

Mr. Reid. I think one of the misunderstandings he is talking about, for example, Villella was the operator of the facility here. He thought he should have a place to live, not him. He feels the same about Carson City.

So we are getting this "me" mixed up with whoever is running the place.

Do you understand, Mr. Packard?

Mr. Packard. I understand.

Mr. Giuffrida. Thank you, Mr. Reid. That is correct.

Mr. Packard. I wanted to make clear——

Mr. Reid. On the other hearings, Mr. Packard—and I am not arguing with you because I know you understand—in the other hearings, Villella talked about that place being maybe for him. But there was never any question it would be for Giuffrida.

Mr. Packard. I think Mr. Giuffrida referred in his testimony, or his answers, that in fact they did intend for on-site administrators to be there.

Mr. Reid. But the questions by the chairman kept referring to him. And I think we are talking about Villella, at least in my mind.

Mr. Giuffrida. Whoever is the person on site. But clearly, Mr. Reid, you are correct; it was never intended to be occupied by me. It is in Emmitsburg, MD, or in Carson City, NV.

Mr. Volkmer. If the gentleman from California would yield just a minute, then.

Mr. Packard. I would be happy to yield.

Mr. Volkmer. As the gentleman from Nevada brought out, I want to make clear, Mr. Giuffrida, that at the time this change in construction at Emmitsburg was taking place, and the additional funds were being allocated for a residence, was Mr. Villella informed that that was going to be his residence?

Mr. **Giuffrida**. You mean to occupy as his residence?

Mr. **Volkmer**. Yes.

Mr. **Giuffrida**. I have no recollection of ever saying to Mr. Villella that that would be his residence. We never designed it. It was not properly designed to be his residence.

The residence of the person who would be running the training activities anywhere, Mr. Chairman, you could appreciate, would have to have some semblance of privacy from the students. Living upstairs, over nine student rooms, would hardly meet that criterion.

Mr. **Volkmer**. So it really wasn't intended then as a residence, you are telling us, for Villella himself?

Mr. **Giuffrida**. No; it was never intended as a residence for Mr. Villella. It was never intended as a residence for me.

It was intended for precisely the purposes that are being used right now, for which it is being used right now.

Mr. **Reid**. Mr. Chairman, would the gentleman yield?

Mr. **Volkmer**. Yes; I yield.

Mr. **Packard**. I will be happy to yield.

Mr. **Reid**. I recall Mr. Villella testifying here that it was a long drive from his place of residence here in the Washington area out there, some 60 miles.

How far is it to Emmitsburg?

Mr. **Giuffrida**. Eighty miles.

Mr. **Reid**. A long ways. And he felt, at least as I recall the testimony, that he should have a place on some occasions to stay out there when meetings went late or there was some emergency.

And it was my understanding from his testimony that that would be a possible use of this facility, this second story.

Mr. **Giuffrida**. Well, I think it is personally reasonable for Mr. Villella or anyone else that has been working late at night out there, when there is a place for him to stay, to take advantage of that, rather than coming back 80 miles that night.

But in those—before that was finished, the choices would have been over in the barracks, over in the student dormitory.

Those are not really—the word "suite," I recall, was used in here also. That is hardly a suite. You have to go down the hall to use the head, as has happened there.

Mr. **Reid**. I thank the gentleman for yielding.

Mr. **Packard**. Mr. Chairman, let me reclaim my time and pursue it just a little bit further.

Were the change orders, many of them, in the kitchen area?

Mr. **Giuffrida**. I had very little daily involvement in the way that thing was being done. Mr. Payne, perhaps, could answer that.

Mr. **Packard**. I think most of you are aware that the concern here is the cost overruns in Government contracts. This is an example where I think we can pursue it to see precisely if the regulations of change orders are followed, and if, in fact, they are justified.

Mr. Payne, would you like to respond to the question?

Mr. **Payne**. Thank you very much, Congressman. I certainly would.

It would be helpful if this committee could come out and see the facility. When it first started, this was a girls Catholic school, small individual rooms and sometimes we made it double occupancy.

As the director has pointed out, community showers, community bathrooms, you had to go down to do it. These rooms were some 4 by 6, 4 by 8 in size that we are talking about.

Then we evolved into this integrated emergency management system of bringing the Mayor Bradleys and the people in to see that facility. This was totally inadequate.

And before my time getting there, the architectural engineering on what we call L building was to renovate that building, and make 42 rooms there with individual baths.

And that left lots of opportunities open, because of trying to decrease the number of women involved in the fire service and emergency management attending courses there, that they could use these rooms as a co-ed type dorm.

Mr. PACKARD. So, Mr. Payne, what you are saying is that the concept of the building changed after construction started.

Mr. PAYNE. Yes; and it would be helpful, I think, to the committee, if I just read here some of the directions that I was present at the time that the director passed out pertaining to G building.

The director gave general guidance that G building be renovated to provide quality accommodations for VIP visitors to the NETC campus.

He felt that the building should retain its historical architecture, and provide the opportunity for senior government and private sector officials to relax, communicate, and to secure a restful academic environment while attending official functions at the Emmitsburg facility.

Discussions held at various times with the director, both off and on campus, include the following. "While it would be nice to have a wood-burning fireplace"—and that was a contention, there was a fireplace in the place—"the cost was prohibitive. Yet the architectural beauty of the fireplace should be retained. Therefore, a gas-log appliance would have to do."

That was the guidance we got. "As it costs the same"—there was some question about the bathroom vanities—"as it costs the same whatever the height of the bathroom vanities, they should be a slight bit higher than the norm to accommodate the taller citizens of today and the future. One of the rooms upstairs should be designed"——

[The document referred to follows:]

DIRECTIONS FROM FEMA DIRECTOR

The Director of FEMA gave general guidance that "G" building be renovated to provide quality accommodations for VIP visitors to the NETC campus. He felt that the building should retain its historical architecture and provide the opportunity for senior government and private sector officials to relax and communicate in a secure, restful academic environment while attending official functions at the Emmitsburg facility.

Discussions held at various times (4 or 5) with the Director, both on and off campus, included the following:

1. While it would be nice to have a wood burning fireplace, the cost was prohibitive. Yet the architectural beauty of the fireplace should be retained, therefore a gas log appliance would have to do.
2. As it cost the same whatever the height of the bathroom vanities, they should be a slight bit higher than the norm to accommodate the taller citizens of today and the future.
3. One of the rooms upstairs should be designed for conference or study, yet still be available as a sleeping room, if needed.
4. Although most of the closets upstairs are very small, they are adequate for short term usage.
5. The remodeling must include the most up-to-date fire suppression techniques and equipment to demonstrate to NETC visitors the modern state-of-the-art in fire safety.
6. Laundry facilities should be available in the building.
7. Locate a planter box under the entry room window.
8. Cooking and dining facilities should be available in "G" building for official functions, for use during "down" time (8 weeks - 1. Easter, 2. Fourth of July, 3. Labor Day, 4-5. Thanksgiving, 6-7-8. Christmas and New Year's) at the main dining facility, and for private VIP conferences.

9. Because of the small kitchen and minimum cabinet space, the maximum number of lower roll out trays should be provided.
10. Classified mission dictated that quality accommodations be available.
11. He informally discussed his intention at some future date of possibly seeking Congressional approval for the Director of NETC to be allowed to live on campus, as provided by most colleges, universities, and senior service schools of the Armed Forces. He indicated that the barn on campus would be his primary selection for such a residence at some future date, and emphasized that this could be done only with the specific approval of Congress and with appropriations designated for such renovation.
12. He talked about the possible use of wallpaper in some of the rooms but, when informed of the cost, rejected the idea.
13. He felt that the original stained doors would be adequate.
14. He rejected the expense of replacing the glass doors over the built-in bookcases in the living room.
15. He stressed the need for adequate lighting in the bathrooms.
16. He suggested that the extra space under the stairs in the first floor entry be finished as a coat closet, if possible.
17. He felt that the aesthetic value of the building would be better maintained by relocating the stand pipe and fire department connection from the west stairwell to the east stairwell, and removing the dry pipe sprinkler piping from the east stairwell to the basement.

Mr. Packard. Let me interrupt.

I am not sure we need that much detail as to the reasons for the change or the conceptual changes taking place. I am simply interested in making certain that the change orders followed the policy procedures so that the change orders were done without some helter-skelter, unacceptable process.

Mr. Giuffrida, did you have a comment?

Mr. Giuffrida. My staff has turned to the page that listed the numbers I gave you. The estimate was done by Coats Construction Co. We would be pleased to provide that.

Seven hundred and seventy six square feet—the cost per square foot from the way it was done was $48.68. The general contractor estimated—conservative estimate to do it—$60 per square foot, which would not include appliances.

The Coats Construction Co., general contractors, construction managers, estimates the value of the improvements is $412,000—about $50,000 more than it actually cost. They also appraised G-building cost for sleeping quarters of $34,322, to that of a similar facility at the University of Louisville where it cost $45,257, and a conference at Wake Forest University at $133,000 per set of quarters.

Mr. Packard. Let me ask one last question on this issue, and then I will relinquish my time.

In the use of the facility, the costs—aside from the use of the facility—in your judgment, has there been any unauthorized use of the facilities?

Mr. Giuffrida. Not that I am aware of, sir.

Mr. Packard. Thank you, Mr. Chairman.

Mr. Volkmer. I would like to follow up before I recognize another member, and I guess use my prerogative as the chairman.

It has been brought to my attention—and correct me if I am wrong on this—that the provision on the second floor, which is the area where we are talking about—

Mr. Giuffrida. That is correct, Mr. Chairman.

Mr. Volkmer [continuing]. Is not accessible necessarily. Let's put it this way: You can access that from a private entrance; is that not correct?

Mr. Giuffrida. Yes, you can.

Mr. Volkmer. And it is not necessarily accessible by people from the downstairs area; it can be closed off?

Mr. Giuffrida. I think that there is at one end of the hallway—I haven't been there in a long time, but my recollection is the stairway goes down and it—for fire safety reasons, it is possible to access from there.

Mr. Volkmer. If I wanted to use it as a private residence and not have people following me from downstairs, it can be used that way?

Mr. Giuffrida. Yes. But I still feel that the set of housing—the quarters that would be provided to someone running an operation of that magnitude should have some physical separation from the area that is normally occupied by the students. It should not be up over a dormitory.

Mr. **Volkmer**. That is not the disagreement. The disagreement is, it appears, at least to me, how was that originally planned to be used. And you are saying it was originally planned to be used as it is presently being used.

Mr. **Giuffrida**. That is correct.

Mr. **Volkmer**. There is some doubt in some of our minds that that was necessarily the case.

Mr. **Giuffrida**. I hope we can resolve that, Mr. Chairman. I welcomed this opportunity so that we could in fact satisfy any questions that remained. I assure you, sir, that that building was designed to do precisely what it is doing now.

I never gave anybody any instructions to use it as a set of housing, of quarters, for Mr. Villella, for Mr. Murray, for Mr. Payne, for anybody; and certainly not for me. It was designed to do precisely those things that it is doing now.

Mr. **Volkmer**. To get to the changes in the renovation, Mr. Payne, in the upstairs in the bathroom facilities, were there not in the renovations bathroom facilities put in, and then ripped back out again and new ones put in again?

Mr. **Payne**. There were two doors, as I recall, that were 4-foot doors instead of 4-foot-6, or whatever the size. The two doorjams and the two doors were removed and put back in. There was a change order on one of the toilet locations, when they found that the architectural engineering—where they had placed it, you just couldn't get in there. And that was changed.

Mr. **Volkmer**. You mean when you originally put the—was the toilet that they put in where it couldn't be used?

Mr. **Payne**. Well, you couldn't get in around it.

Mr. **Volkmer**. Were the fixtures that were secondarily—the second ones put in there—more expensive than the first ones that were put in?

Mr. **Payne**. No, sir. They were the same ones, except for the door.

Mr. **Traficant**. Mr. Chairman, would you yield for a brief question?

Mr. **Volkmer**. Before I do, I would like to point out that the GAO, in their testimony, said different; so that is the reason I guess for the problem here. We are going by what GAO had said earlier last year.

Mr. **Payne**. I certainly don't recall that, sir.

Mr. **Volkmer**. On the $2,800 fixture. They said it was a $2,800 fixture.

It says—this is a question in regard to Senator Gore, former Congressman, and Mr. Luke:

> Mr. **Gore**. Were there some circumstances where brandnew bathrooms that had just been renovated were ripped out and replaced with more expensive and luxurious bathroom fixtures and equipment? Did you find any example of that?
>
> Mr. **Luke**. That is correct particularly on the second floor. There were two bathrooms on the second floor that contained fiberglass shower stalls, as you saw in the slides. These fiberglass shower stalls resemble those downstairs. In other words, fiberglass shower stalls were on the down floor level and in two bathrooms upstairs. These shower stalls upstairs were removed and replaced with ceramic tile.
>
> Mr. **Gore**. And they had just been put in?

Mr. **Luke**. Under the renovation plan they had just been put in.

Mr. **Payne**. That is true, sir. We did replace those two fiberglass shower stalls with tile, the same as had been in the building on the second floor.

Mr. **Volkmer**. And that was at additional cost?

Mr. **Payne**. That was at additional cost.

Mr. **Volkmer**. And the fiberglass ones had just been put in?

Mr. **Payne**. They had been set in there, yes.

Mr. **Traficant**. Mr. Chairman?

Mr. **Volkmer**. I will recognize the gentleman from Ohio.

Mr. **Traficant**. I am hearing several things. No. 1, the square feet costs seem to be good for the country, from what I am hearing, and that we are using the name of a very prominent American, Mayor Bradley, to now justify some of the expenses we are making there.

My question, Mr. Giuffrida, is as follows: How many times did Mayor Bradley or any prominent public official stay in that particular newly developed residential facility?

Mr. **Giuffrida**. Never. It wasn't finished, Mr. Traficant.

Mr. **Traficant**. In light of the budget deficit this country has, let me ask you this: For $170,000, isn't it a fact that within walking distance of that campus there is adequate motel space that could accommodate those types of individuals who would come to that training center or visit it?

Mr. **Giuffrida**. No. I don't think that within walking distance there are hotel accommodations. But I think it would be incomplete to measure the number of motels that are down in Gettysburg, which is 18 miles. You have to measure the housing requirement, Mr. Traficant, against what the students are there for. They are there to come to a controlled academic environment away from the other legitimate demands on their time to work practically around the clock on problem-solving, and vulnerability analysis in a full play, two-sided exercise which frequently goes late into the night with planning sessions and so on, which were held in the dormitories and the classrooms and everyplace else.

Mr. **Packard**. Would my colleague yield?

Mr. **Traficant**. One last question, just briefly.

Isn't it a fact that Mayor Bradley's wife stayed there, and that was the only individual of such sort that you are using as documentation to try and rationalize this expenditure? Is there anybody else? And did, in fact, Mayor Bradley's wife stay there?

Mr. **Giuffrida**. Mr. Traficant, I am not trying to rationalize. I am trying to explain that I have a list of people of stature that go up there—I used Mayor Bradley's name because the most recent political entity that we brought up there was that of Los Angeles, which was in the process of preparing itself for the 1984 Olympics.

But we have a long list. If the committee wants, I would be pleased to submit for the record a list of the numbers of people by grade and jurisdiction that have stayed on campus, or that have attended programs of instruction at the National Emergency Training Center.

Mr. **Traficant**. I can explain that explanation as a need for perhaps dormitory space, but not necessarily why the second floor needed to cost that much money to the American taxpayer. I think that is my question.

I yield.

Mr. **Packard**. The reason I asked for the yielding was to pursue the same question.

I have a list of supposedly VIP's—and I think most of them are—that have used the facility. Have those been overnight uses? And do they fit into what the purpose of that second floor was built for?

Mr. **Giuffrida**. Mr. Packard, I would answer your questions in reverse by an examination of the people and the jobs that they hold, the responsibilities with which they must deal. I would say they would qualify with the intent of the renovation of building G.

As to the specifics of which one of those stayed there, I don't know. I am not normally involved in that kind of microdetail on what is going on at NETC.

Mr. **Packard**. I think for the record it would be helpful for you to submit what you indicated was available, and it would give us some idea.

And I appreciate the yielding.

[The information follows:]

July 20, 1984

MEMORANDUM FOR THE RECORD

SUBJECT: Use of NETC for International Activities/Training.

- The NATO international community has and will use NETC as a training location for crisis management organizations called NATO Civil Wartime Agencies. Each training session is approximately five days duration and attended by 40-100 people.
- Training Sessions.
  - Defense Shipping Authority — October 1983
  - Central Supplies Agency — September 1984
  - Defense Shipping Authority, Central Supplies Agency and NATO Wartime Oil Organization — March 1985
  - Civil Defense Committee — September 1985
- Following is a sample of the VIP attendees to the above training sessions:
  - Mr. O. G. Tidemand, Former Minister of Defense for Noraway.
  - Mr. J. G. Tompkins, Senior VP for Lykes Lines (ocean shipping).
  - Mr. J. S. Murray, VP for operations Federal, Commercial and Navigation, LTD., Canada.
  - Mr. I Kruse, Deputy Minister for Shipping, Denmark.
  - Mr. W. R. Thompson, Executive VP for Cunard Lines, United Kingdom.
  - Mr. Stowell, Director of Sales Branches for the John Deere Company.
  - Mr. K. Van Vulpen, Director General, Federation of Industry, the Netherlands.

ATTACHMENT D

VIP'S THAT HAVE VISITED NETC

1983 - ~~Shirley Franklin, Chief Administrative Officer, Atlanta, Georgia~~
Rear Admiral Kumud Kamalanavin, Thailand
Major General Taweep Sattanond, Thailand
Mr. Prateep Sundararjum, Thailand
Bruce W. Hogan, State Training Officer, South Australia
Jack Brinkley, Ex-Congressman, Georgia
Juan E. Lopez, Civil Defense Director, Puerto Rico
Mr. S. Saleh, Mr. H. Saleh, Mr. Shalaby, & Mr. A. Elatar- Egyptian Dignitaries

1984 - Brigadier General Lawrence B. Campbell, Army National Guard
Ambassador Shaul Rasolio, Israel
Assemblymen Dave Nicholas, Charles Joerg, Larry Gish
Congressman Don Mitchell
Andy Gross, Chief of Staff for the Governor of Nevada
Dr. Charles F. Bonser, Dean of Indiana State University
T. Frank Mansell, Deputy Assistant Chief, Canada
William E. Stinnett, Saipan
Rodney Walters, Victoria, Australia
Bruno Corelio, Anton Lipai and Tom Tarkij, Micronesia
Miguel Franguez, Guam
Robert Doyle, Mayor of Mobile, Alabama
David Townsend & Dwayne Squire, Alberta, Canada
Eugene Ball & Michael W. Roberts, Bermuda
Stan Stothard, Canada
Thomas Bradley, Mayor, Los Angeles, California
John Caufield, Senator, New Jersey
Vincent Hollinsid & Malcolm Johnson, Bermuda
Mr. Valente, Deputy Chief, New Jersey
Bill Connelly, Director, New Jersey
Gus Brummer, Director of Fire Division, New Jersey
Karl Meyer, Assistant Director, New Jersey
Dr. John Stealey & Dr. Gordon Turnball, London, England
Dr. Toleti & Dr. Rawat, New Dehli
Messrs. Gunnar Gustafsson & John Tjorneryd, Swedish Civil Defense Officers
John Pacjeco, Bermuda
Saleh Al-Mazrouri & Mohd Al-Mansouri, Abu Dhabi, United Arab Emirates
John Dellow, United Kingdom
Trevor Forbes, United Kingdom
Bob Powers, Deputy, U.S. Department of Treasury
Tom Parker, National Governor's Association
Desmond O'Brien, Canada
Reinhard Rupprecht, West Germany
R.J. McIntyre, Northern Ireland

CONFERENCES

NATO - November 1983 (see attached list)

NOTE: In the past two years the Federal Emergency Management Agency has hosted over 400 foreign visitors. Due to limited resources at the National Emergency Training Center for lodging, their use of this site has been minimal.

Rear Admiral Kumud Kemalanavin; Thailand

Major General Taweep Sattanond; Thailand

Mr. Prateep Sundararjum; Thailand

Bruce W. Hogan, State Training Officer; South Australia

Juan E. Lopez, Civil Defense Director; Puerto Rico

Mr. S. Saleh, Mr. H. Saleh, Mr. Shalaby, Mr. A. Elatar; Egypt

Ambassador Shaul Rasolio; Israel

T. Frank Mansell, Deputy Assistant Chief; Canada

William E. Stinnett; Saipan

Rodney Walters; Victoria, Australia

Bruno Corelio, Anton Lipai, Tom Tarkij; Micronesia

Miguel Franguez; Guam

David Townsend, Dwayne Squire; Alberta, Canada

Eugene Ball, Michael W. Roberts; Bermuda

Stan Stothard; Canada

Vincent Hallinsid, Malcolm Johnson; Bermuda

Dr. John Stealey, Dr. Gordon Turnball; Scientific Research & Development Training Programs; London, England

Dr. Toleti, Dr. Rawat; New Dehli, India

Mr. Gunnar Gustafsson, Director General; Mr. John Tjorneryd, Department Head; Swedish Civil Defense Administration; Stockholm, Sweden

John Pacjeco; Bermuda

Saleh Al-Mazrouri, Mohd Al-Mansouri; Abu Dhabi, United Arab Emirates

John Dellow, Trevor Forbes; United Kingdom

Desmond O'Brien; Canada

Reinhard Rupprecht; West Germany

R. J. McIntyre; Northern Ireland

Mr. P. S. R. Pong Samma, Secretary for Dirgen for Social Assistance Development; Indonesia

Drs. Aspan S. Danuatmodjo, Expert Staff of Ministep for People's Welfare; Indonesia

Drs. Poedji, Director of Public Administration Development of Interior; Indonesia

Earl F. Kennedy, Assistant Supertendent K.S.A.C. Fire Department; Kingston, Jamaica

Major Mohamed F. Ahmed, Fire Brigade; Mogadishu, Somalia

J. C. Sharma, Assistant Div. Officer, Delhi Fire Service Headquarters; New Delhi, India

Col. Abdalla M. Farah, Sudan Railways Fire Service; Atbare, Sudan

Col. S. K. Rufai, S.G.B. Barakat Fire Department; Sudan

Chanafi, Chief Jakarta Fire Brigade; Jakarta, Indonesia

Captain Lewis Valero, Cuerpo de Bomberos del Distrito Sucre; Caracas, Venezuela

Priamo M. Perdomo R., General De Brigada; Santa Domingo, Dominican Republic

Supt. Malcolm A. Nicholas, Chief Fire Officer; St. John's Antigua, West Indies

SOUTH AFRICAN FIRE SERVICE INSTITUTE:

- Clr. N. Warffemuis, Member Transvaal Provincial Council
- Clr. C. Uys, Member responsible for Fire/Ambulance Services; Pretoria City Management Council Comitee
- Clr. E. Holtman, Mayor Brakfan Municipality
- L. Ferreira, Town Clerk Boksburg Municipality; President Elect Institute of Town Clerks
- N. Botha, Town Clerk Benoni Municipality
- X. Van Der Walt, Manager Municipal Productivity
- Unith J. Wentzel, Chief Fire Officer, Windhoek, Namibia; President, South African Fire Services Institute
- W. P. DuPlessis, Chief Fire Officer, Pretoria; Vice-President, South African Fire Services Institute
- F. W. Kotze, Chief Fire Officer, Johannesburg
- J. Hamel, Chief Fire Officer, Cape Town
- S. J. Smith, Chief Fire Officer, Durban
- B. Estment, Chief Fire Officer, Port Elizabeth
- W. E. Kenny, Chief Fire Officer, East London
- L. J. Terre-Blanche, Chief Fire Officer, Brakpan
- N. J. Prinsloo, Chief Fire Officer, Worcester
- E. S. C. Barber, Chief Fire Officer, Benoni

Mr. **Traficant.** Thank you, Mr. Chairman.

Mr. **Volkmer.** The Chair recognizes the gentleman from New Mexico.

Mr. **Lujan.** Thank you, Mr. Chairman. In the chairman's opening statement, Mr. Giuffrida, there was a statement about redecorating the chapel for your daughter's wedding. Is that part of that $350,000?

Mr. **Giuffrida.** My daughter was married in 1970, and the other one to my knowledge wasn't married as of this morning. I don't mean to make light of it. I think that alludes to Mr. Villella's daughter's wedding, which coincided with the planning for the annual Fallen Firefighters Memorial.

One of the things that was done at NETC for the first time in U.S. history was to establish a Fallen Firefighters Memorial. That has become a matter of great pride to the fire community. They come from all over the United States. In the last 3 years, we had somewhere in the vicinity of 120 or 130 firemen killed in the line of duty.

Mr. **Lujan.** What I am trying to get at, was that chapel remodeled for the wedding?

Mr. **Giuffrida.** To my knowledge, that chapel and anything that was done to it was being done in the normal process of preparing to have the annual Fallen Firefighters Memorial.

Mr. **Lujan.** As part of that $350,000 renovation or was it a different one?

Mr. **Giuffrida.** It was a different renovation.

Mr. **Lujan.** How long do they stay there, the people that come to that? Why do we need a chapel at a place where you just go for 2 or 3 days, if that is the case?

Mr. **Giuffrida.** Some of them stay for a week; some of them stay for longer than that. The chapel was there. The chapel is a historic monument and it makes sense to us.

Mr. **Lujan.** It is part of the academic setting just like at a university?

Mr. **Giuffrida.** That is correct; it is a college chapel.

Mr. **Lujan.** Let me get to something a little more controversial in our notes about the Government paying for your wife's travel to Mexico and Europe. Give us some explanations on that.

Mr. **Giuffrida.** My wife made one trip to Europe and one trip to Mexico. I am, in addition to my other duties, the Chief U.S. Delegate to the NATO Senior Civil Emergency Planning Committee. I am also the U.S. Chair on Bilaterals that we have for Meteorological, Hydrological Phenomena with Mexico, and a series of similar functions with Canada.

My wife—I have been to Europe to the NATO meetings seven times, I think. My wife was accompanying me on one, on invitational orders. It was arranged with the State Department, by the State Department. It was to assist—it was my turn, in effect, to host, in response to our NATO commitments where we have been making some appreciable efforts in Brussels; and the same in Mexico City.

She made a subsequent trip to Mexico City for which I paid. By law, under those orders, she is entitled to claim not only travel but also per diem. She never claimed—we never submitted a claim for anything other than the air fare.

As to the specifics, Mr. Patrick can answer those in great detail since he is the head of the international office, Mr. Lujan, the one who was the action officer.

Mr. LUJAN. What you are saying then is that she participated as a hostess at an official affair and that was the justification for that?

Mr. GIUFFRIDA. That is correct.

Mr. LUJAN. Also in the chairman's opening statement was a statement about forgery, double billings, unqualified contractors, that sort of thing.

Mr. GIUFFRIDA. I know nothing about that.

Mr. LUJAN. Can you enlarge about that?

Mr. GIUFFRIDA. No, sir, I have no knowledge of any forgery. You mean in connection with travel?

Mr. LUJAN. No; apparently with the operation of the agency.

Mr. GIUFFRIDA. No, sir. I have no knowledge other than the allegations that I have heard as a consequence of the—of this investigation, which I started myself, if you recall, Mr. Lujan. It was I who, on the 15th of March of last year, after we had heard—all these allegations had come to my attention—I called a staff meeting at which there were the inspector general, the general counsel and others, and I gave the inspector general these specific instructions: to make a no-holds barred examination of every allegation. If, in his judgment, anything was to be forwarded to the Department of Justice, he was to do so; and he was to keep the Congress informed through the mechanism of the GAO, because I told him to give to the GAO everything that his investigation brought forth.

Absolutely no intent to do anything other than find out if there was substance to the allegations and to put them in the proper channel, and certainly by every definition to keep the Congress informed in that process.

Mr. LUJAN. Did you start that investigation yourself?

Mr. GIUFFRIDA. Yes, sir. I mean, I am not the investigator. I ordered the investigation.

Mr. LUJAN. No, no, that is not what I am saying.

Was it at some point that you were being investigated or you heard these rumors?

Mr. GIUFFRIDA. No, sir. It was long before we heard of the subcommittee's plans, and convening days and so on. The allegations were coming up to me. And, as I said, on the 15th of March I gave the information I have here, a copy of which I would be glad to leave for the committee, if you desire.

I called a staff meeting so that I could be briefed on the Donna Darlington matter and all of the allegations that have surfaced in the past several months. I asked Messrs. Goffus, Martin, Smith, Jett, Villella, and Brown, to be at the meeting.

At the conclusion of the briefing, I ordered Mr. Goffus to do a no-holds-barred investigation of all allegations of wrongdoing and to report his findings to me and to the General Accounting Office no later than May 11, 1984.

[The document referred to follows:]

Office of the Director
Federal Emergency Management Agency
Washington, D.C. 20472

March 15, 1984

MEMORANDUM FOR THE RECORD

Today I called a staff meeting so that I could be briefed on the Donna Darlington matter and all of the allegations that have surfaced in the past several months. I asked Messrs. Robert Goffus, Gerald Martin, George Smith, George Jett, Fred Villella, and Fravel Brown to be at the meeting.

At the conclusion of the briefing, I ordered Mr. Goffus to do a "no holds barred" investigation of all allegations of wrongdoing and to report his findings to me and to the General Accounting Office no later than May 11, 1984.

Mr. LUJAN. What you are saying, then, is that you had no knowledge of wrongdoing specifically other than you were hearing rumors that these things were happening and you decided to get to the bottom of it? Is that the way that it——

Mr. GIUFFRIDA. That is correct. All my professional life, I have lived in an environment where the IG is a valuable resource to be used to verify or to refute, and the IG was the logical place for me to turn to instruct him to carry out these investigations.

Mr. LUJAN. Thank you, Mr. Chairman.

Mr. VOLKMER. The gentleman from Texas.

Mr. ANDREWS. Thank you, Mr. Chairman.

I did not serve on this subcommittee in the last Congress, and you have me somewhat at a disadvantage in having not been here for what went on.

I have your statement, and I am at a loss to find anything in your statement that would respond to some of the allegations that were made in the last Congress and here this morning against your Agency and against you personally.

I am well aware with what FEMA does, however. I represent a district in Houston that was ravaged by Hurricane Alicia floods. And your Agency is a very integral part of the gulf coast area. So the charge that the country has given you is a serious one and an awesome responsibility that you have to the American people and to this Congress.

What I have seen in your statements are, and I assume that you believe that this subcommittee has in the past viciously attacked your performance and your credibility by some political vendetta led by Senator Albert Gore——

Mr. GIUFFRIDA. That is in my statement?

Mr. ANDREWS. No. That is in the statements that I have read that you have made.

Mr. GIUFFRIDA. That I have made?

Mr. ANDREWS. Yes.

Mr. GIUFFRIDA. No. The statement that I submitted to the committee was very deliberately free of any repeat or review of what you are addressing specifically.

Mr. ANDREWS. Correct me then, if I am wrong. Is it not your opinion that this subcommittee led by Senator Gore has had some political motive to further his career at the degradation of yours?

Mr. GIUFFRIDA. It is my opinion that this Agency, as must every other Agency, has an obligation to ensure that the Congress understands what it is doing and that the Agency in fact is carrying out both the letter and the intent of the laws by which it operates. It is my belief that the most effective way to do that is the way we do it every day; that is, the Congress, the principal or the staffer has a concern or a question and contacts the agency involved, and the questions are answered, and the everyday business of Congress goes on in that manner.

Mr. ANDREWS. Just respond to my question, and then I want to move on because I don't have much time.

Maybe you can tell me if this is or is not a quote of yours: "Since Mr. Gore came into the picture, this Agency has been harassed and brutalized in a way that we have not seen in this country in a good many years."

Mr. GIUFFRIDA. Yes, that is my statement. I think that is correct.

Mr. ANDREWS. So is it a fair assumption that your feeling is that this subcommittee has harassed your Agency——

Mr. GIUFFRIDA. No, it is my feeling—this subcommittee I am meeting for the first time. It is my feeling that the previous subcommittee made so many demands on this agency, which is a fledgling agency by any measurement. For example, we provided to the committee some 60,000 documents. We provide frequently on short delivery schedules. We had some 76 percent of the agency's IG staff effort was involved in responding to the old committee's requirements.

We had, at the same time, we were handling 37 or so Presidentially declared disasters. We had a whole range of other activities that had to go on.

But the consequence of the continuous requirements that were being put upon the Agency by the former committee had put us in a posture where we were not able to carry on to the degree that we felt we should have been able to carry on the other business of the Agency.

This concerned me so much that I asked for a meeting with the old subcommittee chairman and expressed that concern to him, also.

Mr. ANDREWS. Let me ask you if this is a correct quote of yours: "From the very beginning, it was obvious that this was the perfect political platform for Mr. Gore to use for his own political purposes."

Mr. GIUFFRIDA. No, I can't say that that is a direct quote.

Mr. ANDREWS. Let me turn to just a couple of specific allegations that have been made against your agency and possibly you.

On February 23, 1984, did you and your wife attend a reception at the Capitol Hill Club?

Mr. GIUFFRIDA. Yes, we did.

Mr. ANDREWS. What was the nature of that reception?

Mr. GIUFFRIDA. Well, my recollection of that reception is that it was a Capitol Hill Club reception for the Vice President and Mrs. Bush. I was previously scheduled that day to go to something up here on the Hill in one of the office buildings. Yes, I remember it.

Mr. ANDREWS. It was a political event?

Mr. GIUFFRIDA. Well, to me, it was represented as a reception that was being given by the Capitol Hill Club, which is a Republican club, and therefore obviously by definition would be a political event.

Mr. ANDREWS. Was it a fundraiser?

Mr. GIUFFRIDA. Not that I am aware of, no.

Mr. ANDREWS. Were tickets sold for the event?

Mr. GIUFFRIDA. I never saw a ticket. I don't know whether tickets were sold or not. I never saw a ticket.

Mr. VOLKMER. Would the gentleman yield on that?

Who invited you?

Mr. GIUFFRIDA. My former secretary, who is no longer here, Mr. Chairman, came in late in the afternoon and said, "You and Mrs. G. are invited to a reception for the Vice President being given by the Capitol Hill Club."

Mr. VOLKMER. That former secretary's name, please?

Mr. Giuffrida. Martha French.

She had just been discussing it with Mr. Fravel Brown from my staff. They are the ones that handle my calendar, and so on.

I said, "I am supposed to go to something on the Hill. I think the American Mining Congress has got some kind of congressional reception. This one sounds more interesting to me, and besides, I can take my wife. So scratch me from the Mining Congress"—I am not sure it was the Mining Congress. That is the one that sticks in my head. And I called my wife—and this was late afternoon—and I said, "Get your hair done if you can. We are going to go to something at the Capitol Hill Club."

Mr. Volkmer. Would the gentleman yield further?

Mr. Andrews. Sure.

Mr. Volkmer. You were never informed by your secretary or anyone else of who had invited you?

Mr. Giuffrida. Yes. Mr. Brown and Ms. French said that Mr. Villella was the one who had received the invitation, and that my wife and I were included.

Mr. Volkmer. Invitation from whom?

Mr. Giuffrida. I don't know. The message that came to me is, "You are invited—we are invited to something at the Capitol Hill Club."

Mr. Volkmer. And you are not even curious enough to know who does the invitation?

Mr. Giuffrida. Mr. Chairman, whenever the Capitol Hill Club or any of these things has a reception, they always invite—we are part of the window dressing.

My question was, you know, "Are we invited? Do I have to pay for this thing?" I don't recall verbatim. But that is the essence of the conversation.

Mr. Volkmer. Nobody mentioned to you about an invitation of Triton?

Mr. Giuffrida. I never heard Triton.

Mr. Volkmer. Since then do you know of that?

Mr. Giuffrida. I have heard that allegation since then, yes, sir.

Mr. Volkmer. Only as an allegation?

Mr. Giuffrida. Yes, sir. I have no knowledge that Triton——

Mr. Volkmer. You mean that your staff that is sitting here now hasn't even told you that Triton put the bill on those charges to FEMA for those tickets to the Capitol Hill Club? And you've never been told that?

Mr. Giuffrida Mr. Chairman, I have never seen, nor has anybody on my staff at this table now, to my knowledge, ever seen any bill from Triton to put that thing on FEMA. Most of the stuff that deals with Triton has not been available to us for the past 4, 5, or 6 months. It has been in the Department of Justice.

Mr. Volkmer. Just a moment, Mr. Giuffrida. We have something we would like to show you that came from your office, from FEMA.

Mr. Giúffrida. OK.

Mr. Volkmer. Perhaps you better have your contracting officer look at those.

Mr. Giuffrida. Yes, sir.

I don't know what it is.

Mr. Volkmer. Maybe she would be able to tell you what it is.

Mr. **Jett**. Mr. Volkmer, just a point, though. The Agency did give a lot of materials to the subcommittee last October. At that time, or just subsequent to that, the materials were taken by the Department of Justice as part of its investigation.

Our IG is here with us today. He was the Agency's representative to work with the Department of Justice when they undertook the investigation. I believe he would state to you, sir, that the materials had been taken by the Department of Justice and are no longer in our possession, sir.

Mr. **Packard**. Would the chairman be kind enough to yield?

Mr. **Volkmer**. Just a moment until I finish this and then I will be glad to yield.

I would like to ask either Mr. Martin or Patricia English if they have ever seen that before. Those are photocopies of the originals. Have you ever seen anything like that before?

Ms. **English**. Yes, sir; I have seen this.

Mr. **Volkmer**. Come up to the microphone, because it is going to be very important what you are going to say here. I want everybody to hear it.

Ms. **English**. Yes, sir. I have seen this bill before.

Mr. **Volkmer**. You have seen that bill before. On the second page of that bill is an item, is there not?

Ms. **English**. What particular item, sir?

Mr. **Volkmer**. For $1,200.14. Is that correct?

Excuse me—$2,114.

Ms. **English**. Yes, sir.

Mr. **Volkmer**. What does it say opposite that figure?

Ms. **English**. Luncheon and conference.

Mr. **Volkmer**. Pardon?

Ms. **English**. Luncheon and conference.

Mr. **Volkmer**. Luncheon and conference.

Now, did you approve that payment?

Ms. **English**. I'm not sure, sir. I could check the records. But I'm not sure at this point.

Mr. **Volkmer**. All right.

Now, was this during the time when the Triton submissions for payment were being passed through without your review?

Ms. **English**. Sir, I'm not sure about this particular voucher. But based on the date, this could have been during the time when the vouchers were going straight into the Office of the Comptroller, and then to the project officer for certification. We were no longer certifying.

Mr. **Volkmer**. Right—and the amount shown on there just happens to correspond—here is another statement, March 16, 1984, account 5400, contract 398/12, amount: $2,000; name: Capitol Hill Club; address: 300 First Street Southeast, Washington, DC; account 5400; description: conference; amount: $2,000.

If I give that to you, would you be able to tell us who that would be from, which contractor?

Ms. **English**. If I could see it, I will try.

Mr. **Volkmer**. Could you tell us who that is from?

Ms. **English**. Yes, sir, I can: Triton.

Mr. **Volkmer**. That is from Triton?

Ms. **English**. Yes, sir.

Mr. **Volkmer**. Would that correspond to the conference figure of $2,000-some that they billed to you?

Ms. **English**. Not necessarily, sir. This bill is for $2,000; and the bill on the attachment is for $2,114.

Mr. **Volkmer**. Well, the one that you have in your hand right now, can you tell us whether or not that was paid by FEMA?

Ms. **English**. No, sir. Without checking our records, I could not.

Mr. **Volkmer**. Now, you hadn't seen that before, had you; or do you know?

Ms. **English**. I don't recall.

Mr. **Volkmer**. Was this during a period in which there was an order for special treatment to be given to the Triton bill submissions? I believe that ran for a period in 1983 to about May 1984; is that correct?

Ms. **English**. Sir, not knowing the date that this was received, it is hard for me to answer exactly what treatment this voucher received.

Mr. **Volkmer**. There is a date right on the front of it there.

Ms. **English**. Since it is dated April 15, I would assume at that time it was going straight into the Office of Comptroller.

Mr. **Volkmer**. And bypassing you?

Ms. **English**. Yes. From that date on, that was not unusual. All contractors invoices' went to the Comptroller's office.

Mr. **Volkmer**. They weren't going through the contracting office for approval or review?

Ms. **English**. No, sir. I think around March 1 or sometime in that timeframe all vouchers went into the Office of the Comptroller.

Mr. **Jett**. Mr. Chairman——

Mr. **Volkmer**. Let me finish, because I have a statement here from Ms. English that:

> Is it true that in January of this year, you were ordered to put the Triton contract on a special basis?
>
> And, at that time, were you doing the same for any other contracts in the agency?

Answer: "No, sir."

> So, what you were ordered was to send the Triton vouchers immediately to the paymaster for immediate payment without any review by yourself or any other project officers supposedly reviewing the contract?

Ms. **English**. Sir, that was in January 1984, that is correct. The vouchers, when I did receive them, they went straight to accounting for payment; and also a copy went to the project officer for his review.

It was the intent at that time, should there be anything wrong with the vouchers, we would adjust it in the following month's vouchers.

Mr. **Volkmer**. Does that only apply to Triton, or was that for all contracts?

Ms. **English**. Sir, that is the only contract that I am aware of we were doing that.

Mr. **Volkmer**. The only one was for Triton.

Mr. **Jett**. We have contracting officers that handle other accounts. I would ask that we be allowed to submit for the record. I think there were other firms that we were working the fast pay process with. The Congress passed that recent legislation on fast pay and we were implementing the process of paying now, checking later against subsequent invoices and offsetting any amounts we had in question.

Mr. **Volkmer**. The gentleman from Texas.

Mr. **Packard**. Would the chairman be willing to yield at this point?

Mr. **Andrews**. It is my time. I have just a few more questions.

Mr. **Volkmer**. Why don't you go ahead.

Mr. **Andrews**. Let me be sure I understand now. You went to an event at the Capitol Hill Club. You don't know who paid for your tickets.

Mr. **Giuffrida**. I went to an event at the Capitol Hill Club. I was told that we had been invited by the Capitol Hill Club.

Mr. **Andrews**. You don't know whether or not your tickets were purchased by someone?

Mr. **Giuffrida**. No, I do not.

Mr. **Andrews**. Do you know now that the tickets were paid for by a company——

Mr. **Giuffrida**. No, I do not. I do not know.

Mr. **Andrews**. You have heard those allegations?

Mr. **Giuffrida**. I have heard all manner of allegations almost in a continuum, but I don't know whether anybody paid for those or whether in fact it was as represented to me that we were to be the guest of the Capitol Hill Club.

Mr. **Packard**. Would the gentleman yield, because that is precisely what I wanted to bring up?

I don't believe that it is uncommon for any of us to be invited to a prestigious event like the Vice President's reception, and not find on your schedule card for the day such things as a dinner at the Watergate or a reception with the CBS-TV, and so forth. You will attend those. Most often, you tend to attend them assuming that they are complimentary. I know for my part, I don't investigate as to which ones have a bill attached to it and who invites and is paying.

I don't have any problem with this particular allegation because I think we could all find ourselves investigated by virtue of what events we attend and who pays the bill.

What does concern me, of course, is that if the bill was then turned around and paid for by the Federal Government, that would give me some concern. The fact that Mr. Giuffrida attended a reception and did not know that it was being paid by someone else or was not complimentary doesn't distress me.

Mr. **Andrews**. If I could reclaim my time, it doesn't distress me, either. But what I am trying to find out is what Mr. Giuffrida knew and what he was aware of that may have gone on with this company that did pay for the bill. That is where the responsibility lies. That is the point of my questions.

On March 9 through March 20, there were certain expenses relative to a fundraising event that occurred—excuse me, I said the wrong date. The conference occurred during March 1 through March 5, the Conservative Political Action Conference.

You remember that?

Mr. **Giuffrida**. Yes, I do.

Mr. **Andrews**. Did you attend that?

Mr. **Giuffrida**. Yes, I did.

Mr. **Andrews**. Was your wife present with you then?

Mr. **Giuffrida**. Yes, she was.

Mr. **Andrews**. Are you aware of whether or not there were any paid tickets for that event?

Mr. **Giuffrida**. Again, I have to say at that event Mr. Villella came to me and said that we were invited, my wife and I were invited to go to a reception meeting, gathering, at which the President and the Vice President and other people would be present; and that we were to be—and I said, "What is it going to cost us?" Or something similar to that.

Mr. **Andrews**. Let me interrupt you.

Did he tell you who invited you?

Mr. **Giuffrida**. No. He said we were going to be somebody's guests.

Mr. **Andrews**. Did he tell you whose guests you were going to be?

Mr. **Giuffrida**. I don't recall him ever saying specifically whose guests we were going to be. No, I do not. I recall asking what is it going to cost, because I had four in college at the time, and I am cost conscious.

Yes, I remember the party. We went.

Mr. **Andrews**. Did he tell you how much it cost?

Mr. **Giuffrida**. No.

Mr. **Andrews**. He didn't respond to your question?

Mr. **Giuffrida**. I said—my recollection of this, and I don't recall it verbatim—is, "sounds great, what is it going to cost?" And the response, the essence of the response, was, "well, we are going to be somebody's guests and there will be no charge to us."

Well, now that is not that unusual either, because there are all kinds of organizations that invite. For example, AFCIA and other organizations that deal where they invite agency heads and Members of the House and the Senate, and they put the names in a hat and they draw them out in order to preclude any suggestion of impropriety. And I simply assumed—I had gone to some of these AFCIA things in that very same room, as a matter of fact, and I didn't attach that much more significance to it.

Mr. **Andrews**. Have you ever gone to events where your ticket, your meal, your evening on the town was paid for directly or indirectly by any agency, any company that was doing business with the Federal Government?

Mr. **Giuffrida**. Let me see if I can understand.

Have I ever gone to dinner, to lunch, to any event with anybody that represented any company that did any kind of business with the U.S. Government?

Mr. **Andrews**. With your agency, where they paid for the ticket.

Mr. **Giuffrida**. Not that I am aware of. If I did it, it would be something I am absolutely unaware of.

Mr. **Traficant**. Would the gentleman yield for a brief question?

Mr. **Andrews**. Just in 1 second. Because you understand why I am asking that question?

Mr. **Giuffrida**. Yes, I think I understand why you are asking, Mr. Andrews.

Mr. Andrews. You appear frustrated, and I am not trying to frustrate you. You appreciate the reasons why you——

Mr. Giuffrida. I do. Absolutely.

Mr. Andrews [continuing]. Wouldn't be going to fundraising dinners paid for by companies that are at the same time negotiating with FEMA?

Mr. Giuffrida. Mr. Andrews, I understand precisely the direction from which your questions are coming. I will say to you that when I have had any question whatsoever in my mind—and in the course of a year I am invited perhaps to 100 or more of such things—I run to the General Counsel and I say, "General Counsel, can I go to this one or can I not?" And he says, "No" or he says "Yes." And I think he could give you the answer very clearly himself. I use him as my frame of reference, if there is any, almost as a matter of routine.

Mr. Traficant. Would the gentleman yield?

My question is specifically to the point. We have talked about the impropriety perhaps of a man of your position who attends a Capitol Hill Club event, seated with a number of people. You didn't quite know who picked up the tab, and I guess that happens quite a bit.

My question is, evidently you do check with counsel on the propriety of some of this behavior.

Mr. Giuffrida. No.

Mr. Traficant. But on these two particular matters, did you check with counsel at all?

Mr. Giuffrida. I have no recollection of checking with counsel on these; no, I do not. But I would say again, that I get at least 100 invitations, as does everybody on the Hill, to go to these things. Some appear on my calendar, and I never go. If there is any question—they are not the most exciting things in the world to go to, as you will discover.

Mr. Andrews. Can I reclaim my time? Let me go back now.

I want to be sure that I understand your testimony very clearly, because you told me that you go to see Mr. Jett when you have a problem, but on these two occasions that we have asked you about today——

Mr. Giuffrida. I don't have any recollection of going to Mr. Jett on that one; no.

Mr. Andrews. I beg your pardon.

Mr. Giuffrida. I don't have any recollection of going to Mr. Jett on either of these two things that are under discussion now, Mr. Andrews.

Mr. Andrews. Right. But in response to my question, you said when you had questions in your own mind about the propriety of one of these receptions—and I would certainly agree, none of us like to go to all these receptions—you go to see Mr. Jett.

Mr. Giuffrida. I would send him a note, have one of the staff run this by OGC. I run a lot of stuff by him. If somebody comes and leaves a 12-cent postcard, I say report it to the General Counsel to make sure that—and then donate it to somebody, or whatever we do with it.

Mr. Andrews. But your sworn testimony to us this morning is, you have never, to your knowledge, gone to any reception, any luncheon, any event where there was a cost of a ticket, and that ticket was picked up and paid for by some company that had relations with your agency.

Mr. **Giuffrida**. That is not quite the question you asked me when we started. But the question——

The only time I have ever been to lunch with anybody that I am aware of that is doing business with FEMA is that I once went to lunch with Albert Ferri and Fred Villella. I think one night I went—my wife and I went, as part of a group of 12 or 14 people, to dinner at a place called The Kazbah or some Moroccan restaurant.

And, to the best of my recollection, Mr. Andrews, those are the only two—no, wrong; one more. I went to lunch once with—early on—with Paula Elsey and her husband. I had never met him. And they invited me to lunch.

Mr. **Andrews**. Who are they? I don't know who they are. Who do they work for?

Mr. **Giuffrida**. Mr. Elsey used to be a part—or may still be a part of IMR. That is another one of the contractors.

Mr. **Andrews**. Contractors that have dealings with FEMA?

Mr. **Giuffrida**. With NETC; that is correct.

Mr. **Packard**. Would the gentleman yield for a moment?

Mr. Chairman, I think that these questions would be much more productive if they were directed toward the representatives from Triton. I really don't see this as being an indictment against Mr. Giuffrida. Again, I simply say that every one of us go to events like this. I never ask who is paying the bill. I leave that to staff.

I suspect that the questions as to why they were billed to FEMA are significant questions, and the Triton representatives could better answer that.

Mr. **Andrews**. I will stop because I know we are short of time, but let me be clear that we understand the purpose of my questions. I don't mean to harass you, sir. I have no motives to do so.

I have come in here this morning and seen these allegations, and I think this committee has a responsibility to follow up on the things that have been said about you and your agency.

And it is very clear, not only from reading title 18, section 22, and from being aware of the code of ethics, the canons of ethics that Mr. Jett, as I understand it, wrote for your agency, that it is a strict violation for a person with the charge that you have, to accept any benefit, any gratuity, any gift from a private company that is at the same time attempting, by negotiation or otherwise, to obtain contracts, to do business with your agency. And you appreciate, I am sure, why that is written into the code of conduct, for you and people, whoever follows you down the road, that we just cannot have heads of Government agencies accepting those kinds of benefits.

And I admit, and I think the point is well taken, some of these are seemingly insignificant. And my query really is attempting to be very broad-based.

You have told us today that on more than one occasion—once, twice, three times—you may or may not have accepted some kind of benefit from people that worked at these companies. And that is really the purpose of my question.

Mr. **Giuffrida**. Mr. Andrews, I certainly share, and have all my life, professional life, of a distinguished career as a military officer and a public servant at the State and Federal level—have abided by precisely the intent of Congress and the Ethics in Government Act.

The answer to—you said all of these allegations—and I think that is the key; they are allegations. I don't see that it was ever the intent of Congress to prohibit; for example, the lunch I had with Elsey—to prohibit someone who is invited to lunch by a former work associate I hadn't seen in 2 years, to go to lunch. I never have asked anybody, contractor or subcontractor, to do or to give me a single solitary gift or gratuity.

Mr. **Andrews**. Well, solicitation is part of the code——

Mr. **Giuffrida**. Nor have I knowingly accepted——

Mr. **Andrews**. Acceptance is the other side of that coin.

Mr. **Giuffrida**. Nor have I knowingly accepted it.

Mr. **Andrews**. That's the purpose of my line of questions.

Mr. **Giuffrida**. I understand your questions. I think we are trying to achieve precisely the same necessary clarification. Allegations are easy. Allegations of mismanagement are easy, you know. It is a judgment call.

Mr. **Andrews**. Just so the record is very clear this morning that the instances that we have discussed—the two instances in particular that have been gone over by this committee, and the instances that you have mentioned this morning in response to my questions—are the only occurrences in which that kind of activity took place.

Mr. **Giuffrida**. To the best of my knowledge.

I would like to finish my response to you, if I may, Mr. Andrews.

Mr. **Andrews**. Surely.

Mr. **Giuffrida**. Charges or allegations of mismanagement are frequently encountered. There may be differences of opinion. But allegations of fraud, sir, fraud is a felony, and there have been a lot of those tossed around. That, sir, is a felony. I don't deal in those.

Mr. **Andrews**. I beg your pardon?

Mr. **Giuffrida**. You asked me why I did not respond to allegations. One cannot have been in public service as long as I have been, Mr. Andrews, without having had at various times been in the beaten zone of allegations. But allegations are precisely that. They are not charges. They are not conclusions following due process. They are allegations. And that is why I met with the committee and requested an open hearing, so that all of these things could be clarified.

Mr. **Andrews**. And that is certainly one reason that I am very happy——

Mr. **Giuffrida**. Frankly, it is a very painful, painful experience.

Mr. **Andrews**. I am very happy that you are here this morning, and I appreciate your responses to my questions.

Mr. **Giuffrida**. Thank you, sir.

Mr. **Volkmer**. The gentleman from Nevada.

Mr. **Reid**. Mr. Chairman, I have waited patiently today through the questions, and even though I may not agree with the places you go to meetings, the National Political Conservative Action Committee or whatever it is, the Capitol Hill Club and all that, I am somewhat concerned about the allegations that have been made for a long time now. I was part of the subcommittee in the last Congress, and I have no doubt of Senator Gore's good intentions.

But I have to honestly say that those people that have raised questions as to why people go into public service, with all they have to put up with, this is a good example, in many instances. And it has been confirmed by the questions and the answers here today, at least as far as I am concerned.

I think it is real easy to pick on somebody like Giuffrida who is head of an agency. I think the direction of this interrogation should be toward the Triton Co. If what Mr. Giuffrida says is true, then they are the ones who probably committed a crime, not Giuffrida, who was invited to a reception at the Capitol Hill Club and somebody else picked up the tickets and then charged them to the Government. I think that could be fraud and I think that is something that we have to look at very closely.

But I think that some of the statements that have been made—you know, a lot of these allegations wind up in the press. And I want to follow through on some of these that I don't want to wind up in the press, because my State is involved in it.

And one of those is that thus, he was apparently being used to lobby for the project. This is the facility in Carson City, which is very controversial.

Mr. GIUFFRIDA. Who was being used?

Mr. REID. They are talking about Dave Nicholas in Nevada, and that he was being used to lobby for a project which is very controversial, which is a western FEMA facility.

Now, as I understand it, because I worked to get funding for that facility, I never knew Dave Nicholas was involved. He certainly didn't lobby anybody in the House. It is my understanding that the facility in Emmittsburg is used and used quite a lot. Isn't that true?

Mr. GIUFFRIDA. That is correct.

Mr. REID. And that many of the people that come to that facility are from the western part of the United States?

Mr. GIUFFRIDA. That is also correct.

Mr. REID. It is my further understanding that about 85 percent of all the work that FEMA does involves floods; is that not true?

Mr. GIUFFRIDA. A good part of, that is correct.

Mr. REID. And most of the floods that take place in the United States are in the Western United States; is that true?

Mr. GIUFFRIDA. Well, they certainly have their share of them.

Mr. REID. Well, let's say a lot of them. Many of the people that need training are from the western part of the United States; is that not true?

Mr. GIUFFRIDA. Many of them are; that is correct.

Mr. REID. Many of the people that go to Emmittsburg could much more cheaply go to a facility in the western part of the United States?

Mr. GIUFFRIDA. That is correct.

Mr. REID. I assume that is one of the reasons that Congress funded this facility in Carson City; is that true?

Mr. GIUFFRIDA. That is also true.

Mr. **Reid**. And it's true, is it not, that this facility in Carson City was a Federal project at one time; namely, an Indian school, is that right?

Mr. **Giuffrida**. That's correct, Stewart Indian School.

Mr. **Reid**. Stewart Indian School?

Mr. **Giuffrida**. That is correct.

Mr. **Reid**. Those people that looked into this thought that would be a good use of a Federal facility which the Federal Government had spent millions of dollars on, is that true?

Mr. **Giuffrida**. That is also true.

Mr. **Reid**. It was set up so that it could be developed into dorms and other facilities. It would be a good training facility. And it was also deemed to be important, as I understand it, to the western part of the United States. There would be things that you could see out there that you can't see back here.

Is that true?

Mr. **Giuffrida**. That is correct.

Mr. **Reid**. So I just want to make sure that if this memo from staff to us leaks out into the press, I want to make sure there is a background to the effect that the facility in Carson City, at least in the opinion of the Congress, and I assume as far as you are concerned, was something that was needed.

Is that true?

Mr. **Giuffrida**. That is true. And it was not picked——

Carson City was not the only place we looked at. We looked in California. We looked in Texas. We looked in Colorado. We looked in other States. The Carson City site, for the reasons that you have delineated, Mr. Reid, was the best deal on a long-term basis for the taxpayers.

Mr. **Reid**. OK.

Now back to something—without beating around the bush—there are some questions about a conference that Dave Nicholas was putting together that was canceled.

Could you tell the committee what happened there, or do you have someone at the table who can explain that?

Mr. **Giuffrida**. I think Mr. Payne could address that better than I, Mr. Reid.

Mr. **Payne**. Congressman, I am delighted that you asked the question. Dave Nicholas had heard about the facility here, and he was in Washington and called me and asked to come out to Emmitsburg and view our facility first-hand. He came out and toured the facility, and we were considering setting up a conference of State legislators and their role in emergency management. We asked Triton and suggested Dave Nicholas would be available to assist us in doing that. He worked on that conference and set it up. Then at the last moment, because of other duties that the State legislators had, it came down to where less than 10 were going to attend the conference, and it had to be canceled.

But the background, the paperwork, the scenario, the whole thing was developed by this team and it is there. It is hopeful that that conference still will be produced.

Mr. **Reid**. So are you saying, Mr. Payne, that information was gathered to set up the conference?

Mr. **Payne**. Yes, it was, and provided the committee.

Mr. REID. Are you saying that this information that was gathered could be used at some subsequent time for a conference?

Mr. PAYNE. Yes, sir, and hopefully it will be this fall.

Mr. REID. Now, talking about somebody from Nevada, I want to make sure this is clear. Dave Nicholas, I understand, used to be a person who had a public relations business, is that true? He was a TV personality out there?

My point is, he had some background in setting up conferences; is that true?

Mr. PAYNE. Yes, sir.

Mr. REID. You just didn't pick him out of the air.

Mr. PAYNE. Also, his district, some two-thirds of it was on fire at one time; and that was part of the discussion that came out, that he was very familiar with emergencies and needing to plan.

As a matter of, we just received a letter from the sheriff of the county, Vince Sweeney, commending the Director for conducting this kind of training, the Galaxy plane that went down in Reno. And the fire chief, Gene LaBlanc and Vince Sweeney had both been back and attended the conference, and because of the background and training that they had, they handled that emergency in a great manner.

Mr. REID. Mr. Giuffrida, is there anything that Mr. Nicholas ever did, as far as you are concerned, to lobby for the Carson City facility?

Mr. GIUFFRIDA. No, sir, he never lobbied me. Mr. Nicholas could walk in the door. I would not recognize him.

Mr. REID. Does anybody at the table know Mr. Nicholas to have lobbied them for the western facility?

[No response.]

Mr. REID. If I could ask one more question, Mr. Chairman.

We have already established that you went with your wife to a conference in Mexico; is that correct?

Mr. GIUFFRIDA. That is correct.

Mr. REID. It has been alleged that Triton supplied $1,200 worth of food and drink for that conference.

Were you aware that they did that?

Mr. GIUFFRIDA. I would have to ask Mr. Patrick, with your approval.

Mr. REID. Just so somebody can answer the question. Would you please state your name for the record?

Mr. PATRICK. George Patrick, Director of the FEMA International Affairs Office.

Mr. REID. Are you aware that Triton supplied $1,200 worth of food and drink at that conference?

Mr. PATRICK. Sir, I am not aware of the exact amount of money that was involved in that.

Mr. REID. Are you aware they supplied some money for food and drink?

Mr. PATRICK. I am aware that they arranged for a representation function in Mexico City.

Mr. REID. How many people, approximately, were invited to that function?

Mr. PATRICK. I believe there were about 40 invited, sir, and 25 or 30 showed up.

Mr. REID. Was it hosted by Triton?

Mr. PATRICK. No, sir, it was not. If I could give you a bit of background, sir, if you wouldn't mind——

Mr. REID. Please.

Mr. PATRICK. As Mr. Giuffrida stated earlier, he is the U.S. representative on a bilateral consultative with the Mexican Government on both floods and also earthquakes—this was the second of such a conference—to review the plans and the work plans of each of the working groups, and we were supposed to host this affair in the United States. However, because of the economic situations in Mexico, the Mexican Government asked us if we would not relinquish our hosting, and go down to Mexico City. We agreed to that.

Also back in July 1982, when Mr. Giuffrida was down in Mexico City, they hosted the consultative and also invited Mrs. Giuffrida to come along the next time. This was a verbal invitation. When we went in December 1983, and in the normal cycle of planning with the Department of State and also our Embassy in Mexico City, it was felt that since we were hosting a representation-type affair it would be appropriate, and we felt that it not only—it serves two basic purposes, sir, continue our discussions and to further the emergency preparedness theme that did take place.

Mr. REID. I understand all that. That has been explained before. But what about—did they supply food and drink down there, Triton?

Mr. PATRICK. Triton, under the Triton contract, sir, they arranged for the representation function in Mexico City.

Mr. REID. I don't understand. What does that mean?

Mr. PATRICK. That means that they made the arrangements with the hotel and also paid the bills, sir.

Mr. REID. For what?

Mr. PATRICK. For the reception.

Mr. REID. And who attended the reception? I don't mean specifically but who, everybody that went to the conference——

Mr. PATRICK. Right.

Mr. REID [continuing]. Was invited?

Mr. PATRICK. Yes, sir, that is correct.

Mr. REID. And of what benefit——

Mr. PATRICK. I can provide the list for the record.

[The document referred to follows:]

Guest List for Reception December 12, 1984
Hotel Mazria Isabel-Sheraton

UNITED STATES DELEGATION

Honorable Louis O. Giuffrida Director, FEMA	Head of Delegation/Co-Chairman Consultative Committee
Mr. Fravel S. Brown Special Assistant to the Director, FEMA	Consultative Committee
Mr. Richard W. Krimm Assistant Associate Director State and Local Programs (Office of Natural and technological Hazards), FEMA	U.S. Cochairman, Geological Phenomena, and U.S. Cochairman, Hydrometeorological Phenomena Working Groups
Mr. George H. Patrick III Director, Office of International Affairs, FEMA	Consultative Committee
Dr. Arthur Zeizel (Geologist) State and Local Programs (Office of Natural and Technological Hazards), FEMA	Geological Phenomena and Hydrometeorological Phenomena
Dr. Brian Mrazik (Hydrologist) State and Local Programs (Office of Natural and Technological Hazards), FEMA	Hydrometeorological Phenomena
Mrs. Kay W. Silver International Relations Officer Office of International Affairs FEMA	Consultative Committee
Department of State	Consultative Committee
Mr. Martin D. Howell, Director Office of Foreign Disaster Assistance	Consultative Committee
Dr. Darrel G. Herd (Seismologist) Department of the Interior	Geological Phenomena
Mr. Richard I. Coleman (Hydrologist) National Oceanic and Atmospheric Administration (NOAA)	Hydrometeorological Phenomena
Mr. Ollie Davidson Disaster Operations Specialist Office of Foreign Disaster Assistance	Consultative Committee
Dr. Jeffrey Lutz Science Attache, American Embassy Mexico City, Mexico	Consultative Committee

REUNION CONSULTIVA

DELEGACION MEXICANA

Secretaría de la Defensa Nacional

General de Brigada, Diplomado del Estado Mayor
Salvador Alvarez Nahara
Subjefe Operativo del Estado Mayor
Defensa Nacional
557-3389

(Suplente)
Teniente Coronel de Infantería J. Jesús Verduzco Montaño
Jefe de la Sección 5a del Estado Mayor
Defensa Nacional
557-3523

Hidrometeorología
Teniente Coronel Enrique González García (meteorólogo)
Subdirector de la Dirección del Servicio Meteorológico
557-3701

(Geología)
Mayor de Infantería Fernando González Moralga
Jefe de la Subsección de Asuntos Civiles
de la Sección 5a del Estado Mayor de la Defensa Nacional
557-3523

Secretaría de Gobernación

Contador Público Gabriel Alva Valladares
Director General de Administración
535-5497, 546-0558

Secretaría de Hacienda y Crédito Público

Lic. Salvador Arriola Barrenechea
Director General de Asuntos Hacendarios Internacionales
521-7054, 542-7967

Secretaría de Comunicaciones y Transportes

Ing. Carlos Morán Moguel
Director General de Aeronáutica Civil
519-7377, 519-6996

Secretaría de Salubridad y Asistencia

Dr. Héctor Fernández Varela
Subsecretario de Salubridad y Asistencia
553-6930

(Suplente)
Dr. Jorge Fernández de Castro Peredo
Director General de Epidemiología -
593-0624

Secretaría de Agricultura y Recursos Hidráulicos

(Hidrometereología)
Capitán Silvino Aguilar Anguiano
Director General del Servicio Meteorológico Nacional
515-3188, 515-5954

Secretaría de Desarrollo Urbano y Ecología

(Fenómenos Geológicos)
Arq. Víctor Manuel Lara Martínez
Director General de Equipamiento Urbano y Edificios
519-8793

Ing. Samuel Pérez Peña
Subdirector de Emergencias Urbanas
Dirección General de Equipamiento Urbano y Edificios
271-1029

Contador Publico Gabriel Alva Valladares Director General for Administration Secretariat of Government	Head of Delegation Mexican Co-Chairman of Consultative Committee
Captain Silvino Aguilar Anguiano Director General of National Meteorological Services	Head of Hydro-Meteorological Phenomena Working Group
Arq. Victor Manuel Lara Martinez Director General of Urban Equipment and Buildings Department of Urban and Ecology	Head of Geological Phenomena Working Group

Mr. REID. Did they underwrite the whole function?

Mr. PATRICK. Yes.

Mr. REID. The $1,200, is that what it cost?

Mr. PATRICK. I don't know what the final cost was, sir, but they did underwrite——

Mr. REID. Was anyone aware whether or not that was backcharged to the Government?

Mr. PATRICK. I am not familiar whether it was. I don't know whether it has or has not been, sir.

Mr. JETT. Mr. Reid, could I just offer a comment? Would that be helpful, do you think?

Mr. REID. Yes. I want to know if Triton charged that to the Government.

Mr. JETT. They may have. The answer to that is we understand informally that it was billed to us. We don't know that formally because, as I indicated——

Mr. REID. The records are gone.

Mr. JETT [continuing]. The invoices we do not have.

Mr. REID. Let's assume they did. Would that be an improper billing as far as you are concerned?

Mr. JETT. Not necessarily.

Mr. REID. Why?

Mr. JETT. Well, the question of proper billing relates to the General Accounting Office. They are the ones that decide on whether Government appropriations may be made available for representational-type functions. Our Agency has a representational fund that the Congress provides to the Director to carry out his operations. That is first.

Mr. REID. To be used for what purposes specifically, the representational fund?

Mr. JETT. The representational fund is to be used for any official Agency business but it does not have what we would normally think of as the restrictions against, for instance, having food or beverage. So if the Director was hosting something with regard to a NATO event or something like that, or Canadian, that would be a proper charge to the representation fund, if it was an official Agency function, or if it was determined that it carried out the Agency's official charter. It was not just a private matter.

If I can just finish. So the Agency has a representation fund. Also the GAO has ruled that donated funds—and the Agency has several authorities to receive donations; donated funds may be used for representational-type activities. So the question of Triton performing a service that had to do with the presentation of a buffet or whatever type of food operation it was, that in and of itself is not an improper illegal act.

Mr. REID. But the question——

Mr. JETT. But if the Agency has funding to carry out those types of purposes, that is fine, just like the State Department carries out representation activities too.

The point is our Agency has that representation-type matter before it, so it would not be a question of Mr. Patrick came to me and asked me about it, and we talked about the event in Mexico. He asked me about it before he did something about it, and I told him that there were certainly circumstances where this type of function would not be improper. The fact that a contractor may or may not carry it out is not a particular question. We could do it with our in-house resources or by contract.

Mr. **Reid**. Mr. Giuffrida, I am asking, did you know that they were paying for this reception when you went to Mexico?

Mr. **Giuffrida**. No; my knowledge of it was to ask again Mr. Patrick and the general counsel: "Is this proper and legal?"

Mr. **Reid**. Is what proper?

Mr. **Giuffrida**. To have this representation function. And I was assured that it was.

Mr. **Reid**. Then did you sponsor the function in Mexico City?

Mr. **Giuffrida**. I was the host as the representative for the U.S. Government.

Mr. **Reid**. And that function cost about $1,200?

Mr. **Giuffrida**. I don't remember, I don't know what it cost.

Mr. **Reid**. We are talking about the same thing. That is the thing that Triton billed the Government for; is that right?

Mr. **Patrick**. That is correct, sir.

Mr. **Reid**. And the question is whether or not it is a proper expense?

Mr. **Jett**. That could be a question, yes.

Mr. **Reid**. Thank you, Mr. Chairman.

Mr. **Jett**. Mr. Reid, I would say we are in the process, our inspector general under the Director's request, was in the process of deciding those very questions, that is, if there had been billings and whether they were proper or improper, supportable or nonsupportable, when the Department of Justice stepped in. And we are, frankly, in the middle of that. That is part of their review that is ongoing too, so we have not gotten a decision by the inspector general as to whether there were billings and whether they were proper or improper or whether they were charged against one account or another account. That is pending, and I am sure we will get a conclusion in a finding on that. But we have not got that right now.

Mr. **Reid**. Mr. Chairman, one last question.

Does anyone of the FEMA representatives think that Dave Nicholas in any way misrepresented anything that he did setting up the conference? Can anybody answer that yes, that he did misrepresent something?

[No response.]

Mr. **Reid**. May the record indicate that numerous people from FEMA all answered in the negative by no response.

I have no further questions.

Mr. **Volkmer**. I thank the gentleman from Nevada.

I would like to ask Mr. Payne, how long have you known Dave Nicholas?

Mr. **Payne**. I have known Dave Nicholas since 1977.

Mr. **Volkmer**. Since 1977. Now, how did Dave Nicholas contact, or do you know how he made a contact with the Triton Corp. to submit his application for a conference in Nevada?

Mr. **Payne**. The conference, sir, was not to be held in Nevada.

Mr. **Volkmer**. Wherever it was.

Mr. **Payne**. The conference was to be held at Emmitsburg. The contact with Triton—it was suggested to Triton also that we wanted to run this conference, and that Dave Nicholas was available, and would probably——

Mr. VOLKMER. You made that suggestion, did you not?

Mr. PAYNE. I am not sure that I did. I know that I could have.

Mr. VOLKMER. Wasn't it basically that Nicholas contacted you, and you discussed it and you all thought it was a pretty good idea so you went to contract?

Mr. PAYNE. No, I think it was the other way around. I think he was out at Emmitsburg to take a look at the facility, and we were discussing it with him, and he brought up, in the presence of Mr. Villella, the emergencies that his district had run through, and one thing led to another that maybe he would be a good one to suggest to Triton to do this.

Mr. VOLKMER. Did anyone from your office, or FEMA, that you know of, suggest to Triton also that that was a good thing to have it done?

Mr. PAYNE. To set up the conference?

Mr. VOLKMER. Yes.

Mr. PAYNE. Yes.

Mr. VOLKMER. And this conference which was to be set up around the middle of April?

Mr. PAYNE. Yes, I think Mr. Nicholas suggested in November, and for whatever reason, the project officer wanted to try to do it in April.

Mr. VOLKMER. When the State legislative bodies, most of them, are in session?

Mr. PAYNE. That is true.

Mr. VOLKMER. And it would make it very difficult to get legislators to Emmitsburg?

Mr. PAYNE. Well, they said the same thing about city managers too, sir, but they certainly came out there.

Mr. VOLKMER. Came out that way?

Mr. PAYNE. Yes, sir.

Mr. VOLKMER. And there was $11,000 spent on that conference?

Mr. PAYNE. As I recall, that is——

Mr. VOLKMER. Approximately $11,000?

Mr. PAYNE. Approximately, you are right.

Mr. VOLKMER. Which was not held?

Mr. PAYNE. Was not held.

Mr. VOLKMER. And you are saying that there will probably be a conference, though, of that type this fall?

Mr. PAYNE. There certainly is need for it, and hopefully it will be.

Mr. VOLKMER. How much do you estimate that it would cost the taxpayers to have that conference?

[No response.]

Mr. VOLKMER. Just to plan it? I mean just to plan it, not actual physical facilities or anything else, just to plan it.

Mr. PAYNE. Well, the plan, that is what Dave Nicholas and that group did, and that cost around $11,000. That is what the contract is for.

Mr. VOLKMER. And there will be no further payment on that type of thing?

Mr. PAYNE. There will be no further payment for the development, planning of that conference. It is done.

Mr. VOLKMER. We have a vote going on and I will recess in about 5 minutes. But before I do, Mr. Giuffrida, when you went to the Capitol Hill Club for that dinner, tell me if I am wrong in mentioning these names as the persons that you were with: Albert Ferri, Jr., Mr. Frederick Villella, Ms. Edith Villella, yourself, your wife, Miss Molly Hazelboeck, Richard Salvatierra, and Laurie Hein?

Mr. GIUFFRIDA. Definitely with Mr. and Mrs. Villella. I did not go with Mr. Ferri. I have a vague recollection of seeing Mr. Ferri there. I have no recollection of seeing Mr. Salvatierra and I don't know who the last person is. Molly somebody.

Mr. VOLKMER. You just saw them there?

Mr. GIUFFRIDA. Right.

Mr. VOLKMER. While you were there, did you actually see an invitation?

Mr. GIUFFRIDA. No, sir.

Mr. VOLKMER. Never did see an invitation?

Mr. GIUFFRIDA. I have no recollection of seeing it.

Mr. VOLKMER. You never saw a fact card on it?

Mr. GIUFFRIDA. A what, sir?

Mr. VOLKMER. A fact card, it is called a fact card, the Capitol Hill Club.

Mr. GIUFFRIDA. No, sir. Nobody even asked us. My recollection is that when we got up there nobody even challenged us at the door. We just went on into the room where the reception was.

Mr. VOLKMER. Then I would like to ask you, to go on with this before I finish, did you also attend a function of the Reagan appreciation dinner by the National Conservative group?

Mr. GIUFFRIDA. Yes, sir. That is the one that Mr.—it would be Mr. Andrews had asked me about.

Mr. VOLKMER. And was Mr. Ferri there?

Mr. GIUFFRIDA. Yes, sir.

Mr. VOLKMER. Was Mr. Salvatierra there?

Mr. GIUFFRIDA. Yes, sir.

Mr. VOLKMER. Did you sit with them?

Mr. GIUFFRIDA. Yes, sir.

Mr. VOLKMER. You didn't go as their guests, though?

Mr. GIUFFRIDA. No. It was never represented to me that we were their guests. It was as I explained it to you. I had never seen Mr. Salvatierra before that occasion. I didn't know him. And I have no long recollection of ever—I think that is the first time I ever saw Mr. Salvatierra.

Mr. VOLKMER. But you know Mr. Ferri?

Mr. GIUFFRIDA. I have come to know Mr. Ferri since I came to Washington, yes, sir. I have no knowledge of having known Mr. Ferri prior to this time, no recollection of it.

Mr. VOLKMER. And I have before me a billing that says:

> Payee's name and address: Triton Corp., 1825 Connecticut Avenue Northwest, Suite 408, Washington, DC, from 3/9/84 to 3/20/84. The services rendered under the above referenced contract, number EMW 84-C-1543; voucher prepared March 24, 1984. The undersigned hereby certifies that payment of the sum claimed under the above cited contract is for appropriate purpose and is in accordance with the agreements of the contract. Signed, Richard D. Salvatierra, President.

On the back it says "Consultants." It says "Name." One of those listed is "Conservative Political Action, Task Order No. 4," and the amount is $1,200.

Mr. **Giuffrida**. I can't respond to that. I can't——

Mr. **Volkmer**. That doesn't mean anything to you?

Mr. **Giuffrida**. No, sir, it does not.

Mr. **Volkmer**. Do you know what it means to me? Mr. Giuffrida, it means to me you went to lunch on the taxpayers', or dinner at the taxpayers' expense.

Mr. **Giuffrida**. No, sir. I respectfully do not agree. I have explained that I was invited to go to that, and it was in precisely the manner that I described it to you, Mr. Chairman, and I went to the function. I don't remember what the date of it was, even. I would think it was early on in the administration, but it was certainly not any intent or perceived as a free lunch on anybody, not the taxpayers. Let me ask my general counsel——

Mr. **Volkmer**. Let me ask you before I have to go vote, and we will finish this when you come back.

Mr. **Giuffrida**. All right.

Mr. **Volkmer**. Are you telling me now that FEMA did not reimburse that money?

Mr. **Giuffrida**. Mr. Chairman, I don't know if FEMA reimbursed that money or not.

Mr. **Volkmer**. I will give you time. I am going to break for a vote. You ask and find out and I will come back.

Mr. **Giuffrida**. All right.

Mr. **Volkmer**. Thank you. We will recess until about 12:25.

[Recess.]

Mr. **Volkmer**. The subcommittee will come to order.

Mr. Giuffrida, for the record, have you now determined whether or not that $1,200 that was used by the Triton Corp. to pay for the expenses at the dinner called the Salute to the President, by the Conservative Young Americans for Freedom was reimbursed by FEMA to Triton?

Mr. **Giuffrida**. Mr. Chairman, my General Counsel will answer that question.

Mr. **Jett**. May I speak on that.

Mr. Chairman, I think the answer is yes. I believe we received—the IG is here—but I believe we received billings from Triton on both events. We don't know if we have paid them.

There is some presumption that we have, quite frankly, because they were paid at a time when we were paying invoices and making adjustments later. So there may very well be a payment for both items.

But we were informed by the IG, who had our investigative materials, that indeed they were part of the Triton billing. Again, the Director's comment earlier, just for clarification—those matters, those bills and invoices and payment schedules have been taken by the Department of Justice.

We are not managing those now. If you want further clarification, our IG is here to answer further questions.

Mr. **Volkmer**. Well, maybe I better address this to Patricia English. Maybe you can tell us and Mr. Giuffrida something.

This voucher dated March 22, 1984—almost a year ago—have any amounts shown thereon remain unpaid?

Ms. **English**. Sir, that is hard for me to answer. Once we certify the vouchers I cannot tell you what is paid and what is not. It goes over to our accounting office. And I am not sure.

Mr. **Jett**. Mr. Chairman, we could provide that for the record. I am sorry this is so complicated. The Triton contract is a complicated contract.

I think there were 100, 150 tasks, and there were various interim billings on each task as progress progressed. But those invoices are reviewed in procurement, they are reviewed at my office, and the Comptroller's Office brings them to my office to review, too.

So the fact we cannot speak expressly here about which have been paid or not, I hope it won't be too confusing. We can provide that for the record as best we have it, again, accepting the fact that some of our materials are being held by the Department of Justice.

Mr. **Volkmer**. We will provide you with the vouchers, if you don't have those, copies of them. We have them here.

We should also have them marked and shown in the record as exhibits. I will do that in a minute.

But you just said that you reviewed these after they went to the comptroller?

Mr. **Jett**. No. I did not say that. I am sorry. I said that the Comptroller on occasion brings invoices that have been received from the contractor to my office and asks questions. I think they go several places and ask questions as they reconcile the invoices before they are paid.

I don't know all the details about that process. I do know that my office is extensively involved in reviewing invoices, not only of Triton, but of many other contractors we have. I guess what I am trying to say, Mr. Chairman, is the fact that a contractor billed us for an item does not mean that we paid the item.

It is a good indication. And we may very well have paid it. And I believe we can confirm quickly whether we have or have not when we leave. But we don't know that here.

Mr. **Packard**. Would the chairman yield on that point?

Mr. **Volkmer**. Just a minute. The thing that really concerns me now is that we have gone through these couple of items here, and no one at FEMA can tell me whether they have been paid or not. What it means is—what you are telling me is that anything could be billed to FEMA and whether it is for a horse and buggy or anything else, it is going to be paid, and nobody is going to know about it.

Mr. **Giuffrida**. I don't think that is quite accurate, Mr. Chairman.

Ms. **English**. That is not necessarily true. Once we send the vouchers forward for payment, my office does not get a copy back indicating payment has been made. I mean we sent it forward, but I cannot guarantee that payment was made.

Mr. **Volkmer**. You check a voucher, and if you check it through to the Comptroller, and they in that office take your approval and pay it, that is the end of it. Isn't that correct?

Ms. **English**. The Comptroller from time to time will come back to our office and ask a question.

Mr. **Volkmer**. But if they don't, it is paid.

Ms. **English**. We can assume it is paid.

Mr. **Volkmer**. Nobody knows whether it is paid or not, except the Comptroller.

Ms. **English**. That is true, sir.

Mr. **Volkmer**. So what I am trying to get at is, here is something like this that went through somewhere and we will find out later on this afternoon whether it has been paid, maybe from Triton, and it says right on here "Conservative Political Action as consultant."

Now, that to me would raise, "Hey, something is wrong here." But this went through during the period when Triton's vouchers were going through without being submitted, Ms. English, is that correct, to you?

Ms. **English**. Yes, sir, that is correct.

Mr. **Volkmer**. So they went directly to the Comptroller. So you don't know for sure—I guarantee you don't know for sure—I guarantee you don't know whether it was paid or not, because under the system it went directly to the Comptroller and if they didn't request it, it got paid, did it not?

Ms. **English**. I can assume the voucher was paid. I don't know for sure.

Mr. **Volkmer**. I know that. But what bothers me is right here at the table nobody knows whether they have or not.

Mr. **Giuffrida**. Mr. Chairman, I don't have knowledge that any voucher that has ever been submitted to FEMA has been paid. I don't think—I don't track individual vouchers that come to the agency.

You could say on any occasion to me, "Was a bill submitted to FEMA?" And unless it had been brought specifically to me and explained to me, I would have no personal knowledge of where the bill was in the process.

Mr. **Jett**. Mr. Chairman, if I may. Those payments and the billings have been a part of the investigation that our inspector general's office has conducted. You invited the inspector general and he is here today.

Perhaps we should ask him. I think maybe he should say it. I think the fact that we don't know it is not paid is a question in your mind, and you wonder why it is that somebody at FEMA doesn't know.

The inspector general is here. I believe he could express himself on whether he knows as part of his investigation if those invoices were or were not paid.

Mr. **Volkmer**. All right. Mr. Giuffrida, if the invoice was paid by FEMA to Triton, is there anything wrong with it?

Mr. **Giuffrida**. If the invoice was paid to—by Triton—I mean by FEMA to Triton, and the presumption would be that it was an improper billing; is that correct? I mean there is a presumption in your question.

Mr. **Volkmer**. I am just asking you if that is OK or not.

Mr. **Giuffrida**. Well, I don't know. If it was an improper billing then clearly it should not be paid.

Mr. **Volkmer**. If it was a dinner that was hosted by Mr. Ferri and Mr. Salvatierra, and it was a political dinner, and then FEMA used taxpayers' money to reimburse Triton for it, would you say that was right or wrong?

Mr. GIUFFRIDA. No, I would say that is bad.

Mr. VOLKMER. That is bad?

Mr. GIUFFRIDA. I would say that is not acceptable.

Mr. VOLKMER. Now, what do we do to stop it from happening in the future, Mr. Giuffrida?

Mr. GIUFFRIDA. Well, we are trying our very best, Mr. Chairman, to learn from this entire experience. I think that the system that we have put together will eventually come into place to meet everybody's strict criteria, yours and ours.

We have a new system for checking the whole process of vouchering and bills that are submitted to the agency. We have a new procurement review process. We don't—we simply don't do these things now.

But I would solicit from you and from the committee appreciation for the progress that has been made from where we started. For example, there was the prompt payment act which the Congress passed. Long prior to that—independent of that, when you have had a chance to review the statement that I submitted for the record, it will point out that not quite 4 years ago vendors were waiting or people were waiting 10 months to get payment on bills.

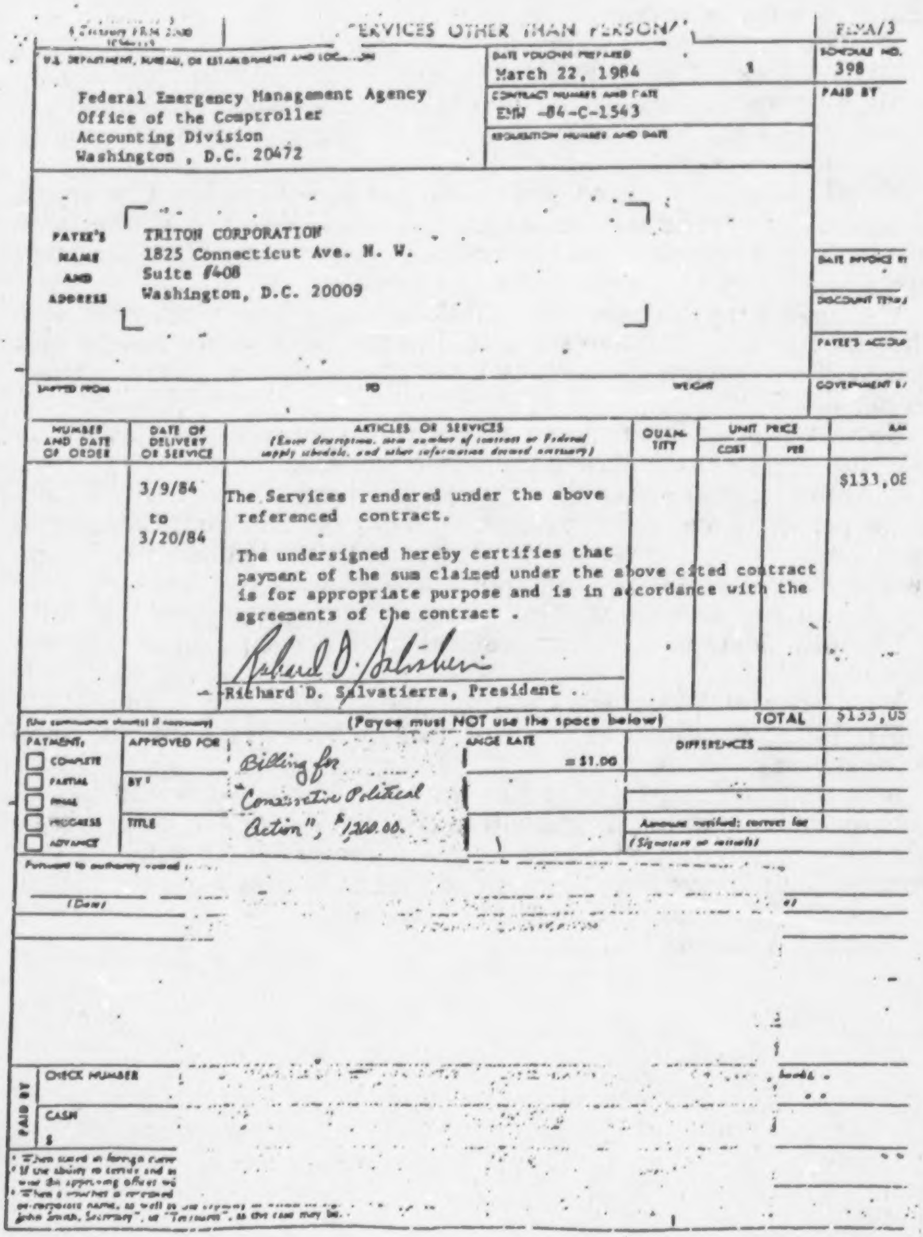
I readily acknowledge that we still have a good deal of progress to make.

Mr. PACKARD. Would the Chairman be kind enough to yield?

Mr. VOLKMER. Can I go one step further and finish up, and then we will break for lunch.

And that is, first, I would like for the reporter—I would like to deliver this as exhibit A. We will also provide it to Mr. Giuffrida or Mr. Jett or anybody else that wants a copy of it also, which is a voucher that shows that payment of that $1,200, at least the billing for the $1,200, excuse me, instead of payment.

[Exhibit A follows:]



SERVICES OTHER THAN PERSONAL — FEMA/3

U.S. DEPARTMENT, BUREAU, OR ESTABLISHMENT AND LOCATION Federal Emergency Management Agency Office of the Comptroller Accounting Division Washington , D.C. 20472	DATE VOUCHER PREPARED March 22, 1984	SCHEDULE NO. 398
	CONTRACT NUMBER AND DATE EMW -84-C-1543	PAID BY
	REQUISITION NUMBER AND DATE	

PAYEE'S NAME AND ADDRESS

TRITON CORPORATION
1825 Connecticut Ave. N. W.
Suite #408
Washington, D.C. 20009

DATE INVOICE RE
DISCOUNT TERMS
PAYEE'S ACCOUN
SHIPPED FROM
TO
WEIGHT
GOVERNMENT B/

NUMBER AND DATE OF ORDER	DATE OF DELIVERY OR SERVICE	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary)	QUANTITY	UNIT PRICE COST	UNIT PRICE PER	AM
	3/9/84 to 3/20/84	The Services rendered under the above referenced contract. The undersigned hereby certifies that payment of the sum claimed under the above cited contract is for appropriate purpose and is in accordance with the agreements of the contract . Richard D. Salvatierra Richard D. Salvatierra, President				$133,08

(Use continuation sheet(s) if necessary) (Payee must NOT use the space below) TOTAL $133,05

PAYMENT: ☐ COMPLETE ☐ PARTIAL ☐ FINAL ☐ PROGRESS ☐ ADVANCE	APPROVED FOR BY TITLE	Billing for "Conservative Political Action", $1200.00.	ANGE RATE = $1.00	DIFFERENCES Amount verified; correct for (Signature or initials)

Pursuant to authority vested

(Date)

PAID BY
CHECK NUMBER
CASH
$

When stated in foreign curre
If the ability to certify and a
with the approving officer wi
When a voucher is receipted
or corporate name, as well as the capacity
John Smith, Secretary", or "Treasurer", as the case may be.

U.S. GOVERNMENT PRINTING OFFICE

CONSULTANTS

NAME	TASK ORDER #	AMOUNT
D. Chamberlin	2	$ 800.00
S. Mayerhofer	3	150.00
C. Bonsar	10	728.25
Amcom Media Inc.	10	5000.00
F. Frederickson	? 3	300.00
E. Stanley	2	1000.00
? Conservative Political Action	4	1200.00 - Bill not at
F. Meehan	4	300.00
F. Beesun	? 2	200.00
R. VanDeusen	2	1250.00
G. Bradford	2	200.00
M. McCain	2	1000.00
D. Chamberlin	? 2	1000.00
D. Mitchell	10	1250.00
J. Brinkley	10	1250.00
A. Goldstein	12	1033.50
H. DeGenste	3	50.00
Safety Education Association	4	400.00
D. Smith	5	240.00
D. Nicholas	10	2000.00
H. Hulme	4	600.00
H. McKinley	4	200.00
C. Fisher	4	200.00
L. Butler	13	247.50
F. Dunphy	1	300.00
R. Van Deusen	4	1000.00
? T. Ryan	7	450.00
C. Heilig	4	400.00
E. Carroll	4	1000.00
D. Smith	12	240.00
State of Nevada	12	112.50
N. Kingsley	12	1000.00
Total Audio-Visual	13	440.60
L. Butler	13	122.73
	Total	$ 25665.08

Mr. VOLKMER. The last thing that bothers me a little bit that has been brought out so far, is on this question of representation at the Mexico conference.

Mr. GIUFFRIDA. All right.

Mr. VOLKMER. And the fact that it is still being determined whether or not that could be reimbursed. Now, as I understand it—and your name is——

Mr. PATRICK. Mr. George Patrick, sir.

Mr. VOLKMER. Mr. Patrick, as I understand it from you and Mr. Jett—you correct me if I am wrong on this—as that conference developed, the question of Triton setting up a kind of a reception came up, is that correct?

Mr. PATRICK. That is correct.

Mr. VOLKMER. Did you develop that with Triton?

Mr. PATRICK. Yes; I did, sir.

Mr. VOLKMER. Was that with the idea that they would be representing FEMA at the time?

Mr. PATRICK. They were a contractor, sir, that we engaged to do this for us.

Mr. VOLKMER. You engaged Triton to set up a reception in Mexico?

Mr. PATRICK. That is correct.

Mr. VOLKMER. Was that in writing?

Mr. JETT. We think it is a part of the contract, sir. We would have to check. I think it is under one of the tasks of the contract.

Mr. VOLKMER. Mr. Jett, how long have you been at FEMA?

Mr. JETT. Since it was organized in April 1, 1979. I was the counsel under the previous administration.

Mr. VOLKMER. You have been there almost 5 years.

Mr. JETT. Six years on the 1st of April.

Mr. VOLKMER. How many times has FEMA used that representation fund in contract with private carriers to expend those funds instead of FEMA doing it itself?

Mr. JETT. If I can give you a little background, I will try to answer it.

Mr. VOLKMER. Just tell me how many times.

Mr. JETT. I have no idea, sir. The representation fund was just made—given by the Congress up to $2,000. In previous years, in the appropriations, in 1981, 1982, I think the representation fund was $500.

But if you ask me, if the Director came and said, "I would like to have a reception-type function hosted in a club in Washington," or at some location, "here in my office," some location, "and I would like to have that paid for by a caterer, I would like to have it catered, would that be proper." The answer, sir, would be "It very well could be, if it is within the appropriations given to us by Congress."

So the fact that we didn't spend the money by one of our employees spending it but went to a caterer, in this case Triton, but basically a caterer to put the reception on, that in and of itself is not improper, at least as I understand it, sir.

Mr. VOLKMER. Mr. Jett, Triton is not a catering firm.

Mr. JETT. I don't know, sir.

Mr. **Volkmer**. We will ask them, and how many other dinners they have catered, when we get to them.

Now, the other thing that I would like to know about that meeting, that reception down in Mexico, were there any invitations formal or written to that, Mr. Giuffrida, that were handed out?

Mr. **Patrick**. Yes, sir, there were formal invitations issued.

Mr. **Volkmer**. May we have a copy of that formal invitation submitted for the record?

Mr. **Giuffrida**. Yes, sir.

[The information follows:]

The Honorable Louis O. Giuffrida
Director of the Federal Emergency Management Agency
and Mrs. Giuffrida
request the honor of the company of

at a reception
on Monday, December 12
from six thirty to eight thirty o'clock

R.S.V.P.
211-0042

Hotel Maria Isabel-Sheraton
Paseo De La Reforma No. 325

Note: The above is an example of the invitations that were sent out by the American Embassy, Mexico, on behalf of Mr. Giuffrida.

Mr. VOLKMER. Was that formal invitation from you, Mr. Giuffrida?

Mr. GIUFFRIDA. I don't recall the wording on it.

George, what does the wording say?

Mr. PATRICK. Yes, it was, sir.

Mr. GIUFFRIDA. To join the Director—isn't it?

Mr. PATRICK. Yes, sir.

Mr. VOLKMER. OK.

At this time I am going to—well, I will recognize the gentleman from California first. Then we will recess until 1:30.

Mr. PACKARD. All I wanted to do is pursue just briefly the matter of the fast-tracking billing procedures in your office or in FEMA's offices. It appears that most of the alleged discrepancies took place during that period of time.

Does that give you any concern in terms of the procedure, and has the procedure been changed or will it be changed?

Mr. GEORGE SMITH. May I speak to that?

Approximately February 1984, I believe, there were many complaints, both from Congress and from contractors, to the effect that they had not received their money.

I caused a meeting to be held between the Comptroller, Acquisition Management Director, the people from the accounting divisions, and some of the computer people. My discussion with them was that it is unacceptable that we are not paying our bills within a reasonable period of time. The Prompt Payment Act requires the payment of those bills within 30–35 days.

I discovered bills were coming into Acquisition Management, to the Comptroller, to the project officer, to Accounting, everywhere across the board. I directed they establish a system whereby those bills would come to one particular place, one person. We——

Mr. PACKARD. Is that one person here today?

Mr. GEORGE SMITH. That is a clerk that puts it in the computer, sir.

When the bills come in, the person places them in the computer. That starts the 30-day time clock.

The bill and the voucher go to the project officer, who certifies that the goods were delivered, the services performed, et cetera. He places the accounting code on the bill and whatever necessary information, certifies that they did get the material, equipment, services, what have you.

At the same time, on day 1, when the clock starts, a copy of that goes to the Acquisition Management contracting officer, who handles that particular area where the bill goes.

The bill goes to the project officer. He certifies it. It comes back to the Comptroller. The Comptroller then gives the bill to the Accounting people.

They do the addition, make sure the numbers are accurate and valid, and what have you. They then take this entire folder and they place it on hold until that 30-day cycle runs.

In the meantime, the Acquisition Management people also have this voucher and the bill and all the attendant information on it. If there is a question in the mind of the contract specialists, they then contact Accounting and tell them that they have a problem with this particular bill. That has occurred in some of the Triton contracts, I understand.

We then, on the 30th, submit that bill and if there is no question on that bill, it is submitted to the Treasury for payment.

The system is operating effectively. This year we have paid absolutely no pennies in interest—not a nickel. We have received $1,500, some $1,500, I believe, because we paid the bills a little early.

There was a question as to whether or not I, in the previous hearing, had directed a fast-track payment for Triton. That never occurred.

I had long discussions with Mr. Goodman, who was then the Director of Acquisition Management. I told him we had to find a way to pay our bills on time. I thought it was most reasonable and prudent to do that. And I think we have established a system which is effective.

Mr. PACKARD. Are most of your contracts paid under that system or only a few?

Mr. GEORGE SMITH. No, sir. Approximately 25 percent.

Mr. PACKARD. Do Triton and IMR make up most of that 25 percent?

Mr. GEORGE SMITH. I could not speak to that, sir. But there are several smaller contractors which come under the Prompt Payment Act.

Mr. PACKARD. Thank you, Mr. Chairman.

Mr. VOLKMER. We had testimony from last year to the effect that during the period of November 1983 to May 1984, sometime during that period, Triton was the only contractor at that time under that process.

Mr. GEORGE SMITH. Sir, I can only speak intelligently from the meeting in February. I have never directed Mr. Goodman or anyone else to do a fast-track payment on Triton or any other company or corporation.

Mr. VOLKMER. Well, how did Triton get on the fast track, then?

Mr. GEORGE SMITH. Not from me, sir. Mr. Goodman said he did not know—someone had told him.

My name came up and Mr. Villella's. I personally did not direct him.

Mr. VOLKMER. I guess later on we can ask Mr. Villella, because I understand someone else has previously said it was either you or Mr. Villella.

Mr. GEORGE SMITH. That is correct.

Mr. VOLKMER. So we will have to ask him.

Mr. Morris, did you give any such orders or anything for Triton contracts?

Mr. MORRIS. No, sir.

Mr. VOLKMER. Mr. Payne.

Mr. PAYNE. No, sir.

Mr. VOLKMER. Mr. Giuffrida.

Mr. GIUFFRIDA. No, sir.

Mr. VOLKMER. Mr. Jett.

Mr. JETT. No, sir.

Mr. VOLKMER. All right. Mr. Martin.

Mr. MARTIN. No, sir.

Mr. **George Smith**. Mr. Chairman, may I add one more thing?

There may have been a circumstance where people or contractors were complaining they were not getting their money—35, 60, 90, 120 days, as the Director said previously, 10 months, 11 months. And to me that is unconscionable, that we cannot pay our bills.

It may have been that since the logjam was perceived to have been in the acquisition management that Mr. Goodman may have decided that he had to move that, that he had to get the bills paid. We may well have told him the bills have to be paid.

Mr. **Volkmer**. Well, Mr. Goodman, as I understand, is the one that said it was either you or Mr. Villella.

Mr. **George Smith**. I recall that, sir.

Mr. **Volkmer**. All right.

Now, Mr. Giuffrida, in your operations at Emmitsburg, you have computers and your comptroller's office showing payments, what payments have been made, do you not?

Mr. **Giuffrida**. That is correct.

Mr. **Volkmer**. Or anywhere?

Mr. **Giuffrida**. Not at Emmitsburg.

Mr. **Volkmer**. Well, where is it?

Mr. Martin, where are the computers that have a tape on there that shows what checks have gone out to pay certain contractors and what bills they paid?

Mr. **Martin**. If there is such, it is here in Washington. It is not up in Emmitsburg, not that I know of.

Mr. **Volkmer**. Do you have staff presently there?

Mr. **Martin**. Yes, I believe so.

Mr. **Volkmer**. At this moment?

Mr. **Martin**. I am not sure. I guess.

Mr. **Volkmer**. You are supposed to. They may be out to lunch, is that it?

Mr. **Martin**. Yes, sir.

Mr. **Volkmer**. All right. Surely there will be somebody back from lunch before 1:30.

Mr. Martin, I am going to provide to you a copy of this billing that has that $1,200 on it, the one, March 22, 1984, and will you go to that computer operation to see if you can determine whether or not that has been paid?

Mr. **Martin**. I will attempt to do that, sir. But you should understand that the Department of Justice has most of these records. It may not be possible——

Mr. **Volkmer**. They have the computer records?

Mr. **Martin**. I am not sure what they have. The IG would have to testify to that.

But what I am saying is if it is possible, I will get it.

Mr. **Volkmer**. I am going to give you an opportunity to call your computer people and comptroller's office and you can find out. It will be interesting to me to find out if you don't, why you cannot.

Mr. **Martin**. We will make an honest effort.

Mr. **Volkmer**. You know, Mr. Giuffrida, for such a well-run operation, I am having serious questions.

Mr. **Giuffrida**. Mr. Chairman, I would hope that judgments, final judgments on how well this agency has progressed toward meeting its missions and doing it in compliance with the law would be measured across the whole spectrum of the Agency's activities.

I recall, if I may, some of your own words, when you were speaking to the legal services, and your exact words were, "Even if it turns out that there were some abuses, we must not put in jeopardy the entire program."

Mr. VOLKMER. I agree with that 100 percent as far as FEMA is concerned.

Mr. GIUFFRIDA. All right. We are precisely on the same frequency.

Mr. VOLKMER. The only thing that concerns me is something like this is occurring this morning. It appeared at least to me that the committee again is being, to a partial extent, stonewalled.

I am going to find out if we are being stonewalled.

Mr. GIUFFRIDA. Sir, if we do nothing else, I hope we expel any such notion.

I assure you with every ounce of sincerity I am capable of, we are absolutely, totally dedicated to answering the committee's questions and getting this thing put to bed so we can go back to serving the people of the country through good programs of training and preparing for and dealing with emergencies.

If you feel you are being stonewalled, I urge you that we continue to pursue it, because we don't want to stonewall anybody.

Mr. VOLKMER. Now, we have—Mr. Martin, you have a copy of the voucher, and the supporting statement on the consultants.

OK. We will recess now and give you almost an hour. We will go to 1:45.

[Whereupon, at 12:50 p.m., the subcommittee recessed, to reconvene at 1:45 p.m., this same day.]

AFTERNOON SESSION

Mr. VOLKMER. The subcommittee will resume its sitting for a short period, and then we have to go vote again. And we will recess again.

Mr. Giuffrida, have you been able to contact your Comptroller's Office and the computer operators?

Mr. GIUFFRIDA. Mr. Martin is just walking in the door. I would reiterate to the Chair, Mr. Thiede is here, the Inspector General, who has the greatest knowledge. He could answer your question faster and more thoroughly perhaps than anyone at the table could.

Mr. VOLKMER. Mr. Martin.

Mr. MARTIN. Yes, Congressman. I am pleased to report that our computer was up and working and that we did, in fact, pay Triton the $1,200, but it was questioned as an expenditure by the project officer and we were given a credit for the $1,200 later on, around November 1984.

Mr. VOLKMER. November 1984?

Mr. MARTIN. It was paid in April, and the credit——

Mr. VOLKMER. But it wasn't questioned until after these hearings started.

Mr. MARTIN. I guess you could say that.

Mr. **Volkmer**. I think we can. We had been told that it had been repaid and as a result—that is why I questioned whether you had ever paid it. And it was hard to get the admission that you had even paid it. That is what bothers me.

Mr. **Giuffrida**. There was no attempt, Mr. Chairman, to withhold from the Chair or from the committee any information pertaining to this particular billing.

Mr. **Volkmer**. Now you know, Mr. Giuffrida, that Triton has billed you for something they should never have billed you for.

Mr. **Giuffrida**. That appears to be the case. But the record also indicates that when they were questioned on it, that they gave a credit for that amount of money. I can speak only from what I have just heard with you here.

Mr. **Volkmer**. We would like for you to furnish us at a future time the billing on which they showed the credit.

Mr. **Martin**. Sir, if I could add to this. On the bill where that item was listed, there was $14,000 worth of questionable expenditures, and that was one of them.

Mr. **Volkmer**. All right. Fine.

[The documents referred to follow:]

Standard Form 1034
September 1973
4 Treasury FRM 2000
1034-111

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

VOUCHER NO.
FEMA/3 #18

SCHEDULE NO.
#398

PAID BY

1. DEPARTMENT, BUREAU, OR ESTABLISHMENT AND LOCATION
FEDERAL EMERGENCY MANAGEMENT AGENCY
Office of the Comptroller
Accounting Division
Washington, D.C. 20472

DATE VOUCHER PREPARED
October 15, 1984

CONTRACT NUMBER AND DATE
EMW 84-C-1543

REQUISITION NUMBER AND DATE

Reversed 12/14/84

(short)

PAYEE'S NAME AND ADDRESS
TRITON Corporation
1255 23rd Street N.W.
Suite # 275
Washington, D.C. 20037

48
40
20
40
326
149
136

RN 985295 DOC WC1543
SEQ DUE 11 12 1 85
DATE KEYED 12 14 1 84
USER ID ( ) ( )
SCHEDULE #
DATE KEYED / /
USER ID ( ) ( )

DATE INVOICE RECEIVED

DISCOUNT TERMS

PAYEE'S ACCOUNT NUMBER

Returned to DCC by Harfold for Reversal 12/14/84

SHIPPED FROM

TO

GOVERNMENT B/L NUMBER

NUMBER AND DATE OF ORDER	DATE OF DELIVERY OR SERVICE	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary)	QUANTITY	UNIT PRICE COST	UNIT PRICE PER	AMOUNT
	10/ 1/84 to 10/15/84	For services rendered under the above referenced contract.				$65,256.90

The undersigned hereby certifies that the payments of the sum claimed under the cited contract is for appropriate purpose and is in accordance with the agreement of the contract.

Richard D. Salvatierra
Richard D. Salvatierra, President

(Use continuation sheet(s) if necessary)

(Payee must NOT use the space below)

TOTAL $65,256.90

PAYMENT:
☐ COMPLETE
☐ PARTIAL
☐ FINAL
☐ PROGRESS
☐ ADVANCE

APPROVED FOR =$

EXCHANGE RATE =$1.00

DIFFERENCES — 830.38
64,426.52

BY [1]

TITLE

Amount verified; correct for 64,426.52
(Signature or initials) F.C.O.

Pursuant to authority vested in me, I certify that this voucher is correct and proper for payment.

(Date) (Authorized Certifying Officer) [2] (Title)

ACCOUNTING CLASSIFICATION

*A mistake was noted in Triton's spread sheet - Attached
TASK 4 OK - Bruce Marshall 12/7/84
Task 2 - OK - Andrew C. Casper 12/7/84

PAID BY

CHECK NUMBER

ON TREASURER OF THE UNITED STATES

CHECK NUMBER

ON (Name of bank)

CASH
$

DATE

PAYEE [3]

PER

TITLE

---

[1] When stated in foreign currency, insert name of currency.

[2] If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign in the space provided, over his official title.

[3] When a voucher is receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per

Treasury FRM 2000
1034-113

SERVICES OTHER THAN PERSONAL

FEMA/3 #18

U.S. DEPARTMENT, BUREAU, OR ESTABLISHMENT AND LOCATION FEDERAL EMERGENCY MANAGEMENT AGENCY Office of the Comptroller Accounting Division Washington, D.C. 20472	DATE VOUCHER PREPARED October 15, 1984	SCHEDULE NO. #398
	CONTRACT NUMBER AND DATE EMW 84-C-1543	PAID BY
	REQUISITION NUMBER AND DATE	

PAYEE'S NAME AND ADDRESS

TRITON Corporation
1255 23rd Street N.W.
Suite # 275
Washington, D.C. 20037

DATE INVOICE RECEIVED

DISCOUNT TERMS

PAYEE'S ACCOUNT NUMBER

SHIPPED FROM　TO　WEIGHT

GOVERNMENT B/L NUMBER

NUMBER AND DATE OF ORDER	DATE OF DELIVERY OR SERVICE	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary)	QUANTITY	UNIT PRICE COST	UNIT PRICE PER	AMOUNT
	10/ 1/84 to 10/15/84	For services rendered under the above referenced contract. The undersigned hereby certifies that the payments of the sum claimed under the cited contract is for appropriate purpose and is in accordance with the agreement of the contract. Richard D. Salvatierra Richard D. Salvatierra, President				$65,256.90

(Use continuation sheet(s) if necessary)　(Payee must NOT use the space below)　TOTAL $65,256.90

PAYMENT: ☐ COMPLETE ☐ PARTIAL ☐ FINAL ☐ PROGRESS ☐ ADVANCE	APPROVED FOR =$	EXCHANGE RATE =$1.00	DIFFERENCES	- 830.38 64426
	BY 2			
	TITLE		Amount verified; correct for (Signature or initials)	64426.

Pursuant to authority vested in me, I certify that this voucher is correct and proper for payment.

(Date)　(Authorized Certifying Officer) 2　(Title)

ACCOUNTING CLASSIFICATION

We have reviewed Triton Bill No. 18 and find it to in order. Payment is recommended.

Frank C. Sidella
Frank C. Sidella, Asst.Asso. Director, P&A　11/28/84

PAID BY				
	CHECK NUMBER	ON TREASURER OF THE UNITED STATES	CHECK NUMBER	ON (Name of bank)
	CASH $	DATE	PAYEE 3	

[1] When stated in foreign currency, insert name of currency.

[2] If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign in the space provided, over his official title.

[3] When a voucher is receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per

PER

TITLE

FEMA 3 #18
10/15/84

TASK ORDER	BUDGET*	PREVIOUS SPENT **	THIS PERIOD	CUMULATIVE SPENT	BALANCE AVAILABLE
1	$358,674.29	$364,847.05	$ 9,404.52	$374,251.57	$(15,577.28)
2	535,200.00	438,489.02	24,684.55	463,173.57	71,355.76 ~~72,026.43~~
3	106,459.00	59,590.36	1,797.45	61,387.81	45,071.19
4	395,922.00	284,538.70	2,743.80	287,282.50	108,639.50
5	289,500.00	119,227.75	646.12	119,873.87	169,626.13
7	219,730.00	86,168.20	8,099.76	94,267.96	125,462.04
8	55,487.00	34,505.98	157.65	34,663.63	20,823.37
9	42,500.00	22,562.19	(304.06)	22,258.13	20,241.87
10	380,398.00	280,257.29	15,741.38 ~~16,571.76~~	296,829.05	84,399.33 ~~83,568.95~~
11	39,750.00	16,684.23	928.58	17,612.81	22,137.19
12	244,000.00	152,909.87	(830.38)	152,079.49	91,920.51
13	32,500.00	13,856.46	(1,004.67)	12,851.79	19,648.21
14	31,250.00	5,188.55	0.00	5,188.55	26,061.45
15	24,050.00	3,171.70	0.00	3,171.70	20,878.30
16	90,370.00	49,168.10	2,361.82	51,529.92	38,839.35 ~~38,840.08~~
19	70,000	0.00	0.00	0.00	70,000.00
TOTALS	2,915,790.29	1,931,164.90	64,426.52 ~~65,256.90~~	1,996,422.35	919,526.92 ~~919,367.94~~

* Revised as per modification to contract No. EMW-84-C-1543.

** Adjusted by Fritz Oelrich based on information from FEMA accounting department.

RN
985295

TRITON CONTRACT #1543, BILL #18

October 1-15, 1984

	FUND CITE		AMOUNT TO BE PAID	REMAINING BALANCE
X48	84-8-1520-2595-2-8100	✓	$ 2,361.82	$ 38,839.35
	84-7-3301-2597-2-6410		$ 0	$138,451.02
	84-7-3510-2580-2-4610		$ 0	$ 21,500.00
X47	84-7-3510-2580-2-4620	✓	$ 646.12	$ 82,303.15
	84-7-3510-2580-2-4801		$ 0	$101,710.98
	84-7-3510-2580-2-4840		$ 0	$ 20,000.00
X 20	84-7-3510-2595-2-4601	✓	$ 14,911.00	$102,715.33
[illegible]	84-7-3510-2595-2-4801			$ 50,183.32
	84-7-3510-2597-2-4620		0	$ 36,819.27
X40	84-7-3510-2598-2-4620	✓	$ 8,099.76	$ 43,680.63
X26	84-7-3510-2598-2-4630	✓	$ (222.50)	$ 90,441.99
from 4 to 49	84-7-3510-2598-2-4801. change to seg 49	✓	$ 29,503.70	$ 0
	84-7-4420-2597-2-4620		$ 0	$ 2,820.58
	84-7-4420-2598-2-4620		$ 0	$ 1.41
	84-7-4420-2598-2-4630		$ 0	$ 2,388.52

RN
985295

Page 2 - Bill #18

FUND CITE	AMOUNT TO BE PAID	REMAINING BALANCE
84-7-4450-2597-2-4620	$ 0	$ 6,718.89
84-7-4460-2597-2-4620	$ 0	$ 1,657.83
84-7-4510-2580-2-4610	$ 0	$ 4,250.00
84-7-4510-2580-2-4850	$ 0	$ 27,922.00
84-7-4510-2597-2-4620	$ 0	$ 7,927.41
84-7-4510-2580-2-4801	$ 0	$ 83,754.38
X36 84-7-4510-2598-2-4801 ✓	$ 9,126.62	$ 51,190.86
84-7-4620-2580-2-4610	$ 0	$ 4,250.00
TOTAL	$ 64,426.52	$ 919,526.92

December 5, 1984

Triton Bill # 18 October 1-15, 1984

Task	Beginning Balance	Amount to be paid	Remaining Balance
1 (8)	$ (6,172.76)		$(15,577.28)
Supt's Office Inst. Spt.	84-7-3510-2598-2-4801	9,404.52	
2 (9)	$ 96,040.31	$24,684.55	$ 71,355.76
EMI CEMP. DIV.	84-7-3510-2598-2-4801	9,127.00	
	84-7-4510-2598-2-4801	15,557.55	
3 (10)	$ 46,868.64		$ 45,071.19
EMI EX. PROG. DIV.	84-7-3510-2598-2-4801	1,797.45	
	84-7-4510-2598-2-4801		
	84-7-4510-2580-2-4801		
	84-7-3510-2580-2-4840		
4 (11)	$111,383.30		$108,639.50
EMI TECH. PROG. DIV.	84-7-3510-2598-2-4801	2,743.80	
	84-7-4510-2598-2-4801		
	84-7-3510-2580-2-4801		
	84-7-4510-2580-2-4850		
5 (12 & 14)	$170,272.25		$169,626.13
P&A RESEARCH I & II	84-7-3510-2580-2-4620	646.12	
	84-7-3510-2597-2-4620		
	84-7-4510-2597-2-4620		
	84-7-4420-2597-2-4620		
	84-7-4460-2597-2-4620		
	84-7-4450-2597-2-4620		
	84-7-3301-2597-2-6410		
6	Cancelled		

December 5, 1984

Triton Bills - Page 2

Task	Beginning Balance	Amount to be Paid	Remaining Balance
7 (13) P&A CURRIC. EVAL.	$133,561.80 84-7-3510-2598-2-4620 84-7-4420-2598-2-4620 84-7-3510-2580-2-4620	8,099.76	$125,462.04
8 (3) P&A CIVIL SEC. & TERROR.	$ 20,981.02 84-7-3510-2598-2-4630	157.65	$ 20,823.37
9 (5) P&A HAZ. MAT. CURR.	$ 19,937.81 84-7-3510-2598-2-4630	(304.06)	$ 20,241.87
10 (15) P&A SEPC	$100,140.71 84-7-3510-2595-2-4601 84-7-4620-2595-2-4620	15,741.38	$ 84,399.33
11 (1) P&A ELD. & DIS. CURR.	$ 23,065.77 84-7-3510-2598-2-4630	928.58	$ 22,137.19
12 (17) SPT. for DAD NETC	$ 91,090.13 84-7-3510-2595-2-4601 84-7-3510-2595-2-4801	(830.38)	$ 91,920.51
13 (2) PA ANAL. of TPD CURR.	$ 18,643.54 84-7-3510-2598-2-4630	(1,004.67)	$ 19,648.21
14 (4) BUS/IND. CURR.	$ 26,061.45 84-7-3510-2598-2-4630 84-7-3510-2580-2-4610 84-7-4510-2580-2-4610	0	$ 26,061.45

December 5, 1984

Triton Bills - Page 3

Task	Beginning Balance	Adjustment	Remaining Balance
15 (6) P&A NETC DATA BASE	$20,878.30 84-7-3510-2598-2-4630 84-7-4510-2598-2-4630 84-7-4420-2598-2-4630 84-7-4510-2580-2-4610 84-7-4620-2580-2-4610	0	$20,878.30
16 (7) P&A EARTH. CURR.	$41,201.17 84-8-1520-2595-2-8100	$ 2,361.82 2,361.82	$38,839.35
17 (16) P&A INT. STUDENT EXCHANGE	Cancelled		
18 (18) P&A NATIONAL PANEL	Cancelled		
19 HAZ MAT TELE CONF.	$70,000.00 84-7-3510-2580-2-4801 84-7-4510-2580-2-4801	0	$70,000.00
	TOTAL	$64,426.52	$ 919,526.92

CONTRACT FEMA/3 #398
INVOICE #18

FOR WEEK ENDING 10-5-84

DIRECT LABOR		HOURS	RATES		AMOUNT
K. DAVIS	VOUCHER #11-17	-608.00	18.75	$	-11,400.00
B. KELLY		40.00	28.85		1,154.00
L. JOHNSON		6.50	6.97		45.31
S. WALKER		20.50	7.93		162.57
B. DEPUYT		28.00	7.69		215.32
J. LEWIS		2.50	4.80		12.00
B. CAMPBELL		5.00	10.24		51.20
			SUBTOTAL		-9,759.60
			OVERHEAD @ 44%		-4.294.22
			FRINGES @ 26%		-2,537.50
			TOTAL	$	-16,591.32

FIELD OFFICE		HOURS	RATES		AMOUNTS
K. DAVIS	VOUCHER #11-17	608.00	18.75		11,400.00
D. BARBEE		72.00	18.75	$	1,350.00
C. BEAVERS		40.00	6.49		259.60
G. BOLTON		35.00	7.31		255.85
J. COLLINS		40.00	30.33		1.213.20
K. DAVIS		72.00	20.44		1,471.68
S. FAULKNER		40.00	7.12		284.80
P. GALLAGHER		65.00	25.00		1.625.00
J. HARBAUGH		32.00	6.73		215.36
C. JONES		80.00	14.42		1,153.60
D. MUMMA		38.00	6.97		264.86
D. MUMMA	VOUCHER #17	-40.00	6.97		-278.80
G. RICKARD		48.00	12.00		576.00
F. MEEHAN		80.00	26.44		2,115.20
A. SCHANZENBACHER		56.00	13.22		740.32
J. SMITH		80.00	19.04		1,523.20
D. WISE		40.00	8.65		346.00
K. POWELL		13.50	5.53		74.65
R. SHANK		80.00	6.25		500.00
J. WISNOSKY		80.00	13.94		1.115.20
S. CARR		94.00	6.73		632.62
K. DAMUTH		41.50	5.50		228.25
V. TURLEY		80.00	15.00		1,200.00
			SUBTOTAL	$	28,266.60
			FRINGE @ 41%		11,589.30
			SUBTOTAL		39,855.90
			TOTAL LABOR	$	23,264.58

CONTRACT FEMA/3 #398
INVOICE #18

CONSULTANTS		$	2,580.00
SUBCONTRACTOR			6,000.00
TRAVEL			22,757.98
OTHER DIRECT COST			2,[illegible]8.[illegible]
	SUBTOTAL	$	55,560.84
	G & A @ 8.5%		4,722.67
	SUBTOTAL		60,283.51
	FEE @ 8.25%		4,973.39
	TOTAL	$	65,256.90

CONTRACT FEMA/3 #398
INVOICE #18

CONSULTANTS NAME	CONSULTANT TASK ORDER	AMOUNT
R. ZOLLNER	4	300.00
S. BARKER	2	400.00
W. CHRYSTAL	10	480.00
A. HUNTER	10	250.00
G. BRAY	2	500.00
J. WRIGHT	2	220.00
M. JACKSON	10	450.00
	TOTAL	$ 2,560.00

SUBCONTRACTORS

	TASK ORDER	
THE LAZAR INSTITUTE	7	6,000.00
	TOTAL	$ 6,000.00

OTHER DIRECT COSTS

TEMPORARY HELP	$ 721.50
MESSENGER/DELIVERY	147.00
TELEPHONE/TELEX	360.93
VIDEO SERVICES	1,456.40
CONSERVATIVE ACTION CONFERENCE VOUCHER #4	[redacted]
EQUIPMENT RENTAL/EDITING	404.35
SUPPLIES	5.77
PRINTING	522.33
FILM	540.00
TOTAL	$ 2,958.28

REIMBURSEMENT CLAIM

FEMA/3 #18

ployee	Site Name: Location	Dates of Visit	Total Days in travel status	Itinerary (From-To)	Transportation		Hotel Meals or Per Diem	Other	Total
					Method	Cost			
. Snyder	10	9/22-28	6	LA/DC/ return	Airfare	372.00			372.00
. Stigter	10	9/12-9/14	3	IN/DC/ return			Meals 26.25		26.25
. Frank	10	9/23-25	2	LA/DC/ return	Airfare	320.00			320.00
I. Smith	Staff Travel	Submitted twice						Staff Travel (184.80)	(184.80)
I. Narold	2	9/16-9/21	6	N.D./DC/ return	Airfare	428.00.			428.00
						1,120.00	26.25	(184.80)	961.45

REIMBURSEMENT CLAIM

FEMA/3 #18

mployee	Site Name: Location	Dates of Visit	Total Days in travel status	Itinerary (From-To)	Transportation		Hotel Meals or Per Diem	Other	Total
					Method	Cost			
L. Gish	2	9/10-9/14	4	OK/DC/ return	AIRFARE	280.00			280.00
A. Settle	10	9/6-9/15	6	LA/DC/ return	AIRFARE	753.00			753.00
S. Wittenburg	2	9/9-9/12	4	WA/DC/ return	AIRFARE	460.10			460.10
V. Haggen & J. Burghardt	2	9/6 9/22	4	WA/DC/ return	AIRFARE	910.00			910.00
G. Brady	2	9/19-9/20	2	NY/DC/ return	AIRFARE	286.00			286.00
J. Bradford	10	9/22-9/28	5	LA/DC/ return	AIRFARE	538.00			538.00
V. Turley	2	9/11	1		PV Auto 140 mile @.20¢	28.00		Parking 4.50	32.50
W. Mcses	10	9/1/-9/4	3	TX/DC/ return			Meals 3.25		3.25
						3,255.10	3.25	4.50	3,262.85

REIMBURSEMENT CLAIM

FEMA/3 #18

Employee	Site Name: Location	Dates of Visit	Total Days in travel status	Itinerary (From-To)	Transportation		Hotel Meals or Per Diem	Other	Total
					Method	Cost			
W. McAllister	10	9/20					Meals 26.25		26.25
Miller Report	10	8/22-24	2	DC/Emmits/ return	PV Auto 160 mile @.20¢	32.00	Meals 25.00		57.00
W. Moses	10	9/12-14	3	TX/DC/ Return	PV Auto 120 mile Airfare	24.00 358.00	Hotel 112.00		494.00
I. Levy	10	4/30-5/1	2	Home/ Emmits return	PV Auto 260mile	52.00			52.00
R. Harbaugh	10	9/12-13	1	Emmitsburg			Meals 11.50		11.50
J. Mitchell	2	9/11	1	Home/Emmits return	PV Auto 152 mile @.20¢	30.40	Meals 3.50		33.90
D. Johnson	2	9/11-9/14	4	Home./Emmits return	PV Auto 152mile @ .20¢	30.40	Meals 48.00		78.40
D. Forbes	2	7/18-19	2	Home/Emmits return	PV Auto 60 mile @.20¢	(12.00)	Meals (30.00)	Parking (20.00)	(62.00)
						514.80	196.25	(20.00)	691.05

REIMBURSEMENT CLAIM

FEMA/3 #18

Employee	Site Name: Location	Dates of Visit	Total Days in travel status	Itinerary (From-To)	Transportation		Hotel Meals or Per Diem	Other	Total
					Method	Cost			
S. Mattingley	2	9/9-10	2	CA/DC/ return	AIRFARE	358.00	Meals 16.25		374.25
L. Gish	2	9/11-14	4	OK/ DC/ return	PV Auto 148 mile @.20¢	29.60	Meals 55.00	Parking 30.00 Tolls 1.80	116.40
J. Seiffert	2	9/11-13	3	Home/ Emmits return	PV Auto 316 mile @ .20¢	63.20	Meals 36.00		99.20
E. Castellente	2	9/13	2		PV Auto 340 mile @ .20¢	68.00	Meals 44.00		112.00
D. Chamberlin	2	9/11-13	3	GA/DC/ return	AIRFARE PV Auto 78 mile	360.00 15.60	Meals 44.00	Taxis 6.50	426.10
R. Semple	10			CO/DC/ return	AIRFARE	460.00	Meals 20.50		480.50
M. Buchanan	10	9/13	1	Home/Emmits return	PV Auto 70 mile @ .20¢	14.00	Meals 3.25		17.25
A. Hunter	10	8/2	1	Home/Emmits return	PV Auto 70 mile @ .20¢	14.00			14.00
						1,382.40	219.00	38.30	1,639.70

REIMBURSEMENT CLAIM

FEMA/ 3 #18

mployee	Site Name: Location	Dates of Visit	Total Days in travel status	Itinerary (From-To)	Transportation		Hotel Meals or Per Diem	Other	Total
					Method	Cost			
D. Miller	4 X	7/17-8/28	11	Home/Emmits return	PV Auto 248 mile @ .20¢	49.60		Parking 16.00	65.60
J. Hill	2	9/16-21	6	GA/ DC/ return	AIRFARE	360.00	Per Diem 71.10	Rent Car 182.70	613.80
H. Narum	2 X	9/16-9/21	6	N.D. /DC/ return			Meals 60.00		60.00
W. Chrystal	10 X	8/23	1	MD/DC/ return	PV Auto 140 mile @ .20¢	28.00			28.00
D. Forbes	2 X	8/17-9/21	17	MA/DC/ return	PV Auto 1016 mi @ .20¢	203.20	Meals 132.00	Parking 24.00	359.20
C. Fisher	2 X	9/13	1	MO/ DC/ return	AIRFARE	404.00	Meals 35.00		439.00
B. Swanson	2 X	1/9	5	FLA/DC/ return	AIRFARE	420.00	Meals 55.00	Taxis 20.00	495.00
B. Depuyt	Staff Travel X	Sept						Staff Travel 85.20	85.20
						1,464.80	353.10	327.90	2,145.80

REIMBURSEMENT CLAIM

FEMA/3 #18

Employee	Site Name: Location	Dates of Visit	Total Days in travel status	Itinerary (From-To)	Transportation		Hotel Meals or Per Diem	Other	Total
					Method	Cost			
R. Zollner	4	9/1-9/30	20 hours	Home/Emmits return	PV Auto 200 mile @ .20¢	40.00			40.00
V. Turley	2	7/23-8/13-14			PV Auto 180 mile @.20¢	36.00	Meals 17.50		53.50
S. Barker	2	5/24-5/25	2	Home/Emmits return	PV Auto 680 mile @.20¢	136.00	Meals 22.00 P.D. 28.00		186.00
W. Chrystal	10	9/12-14 9/30	10	Home /Emmits return	PV Auto 210mile @ .20¢	42.00			42.00
A. Hunter	10	8/2	1	Home/Emmits return	PV Auto 70mile @.20¢	14.00			14.00
G. Bray	2	9/19-20	2	NY/Emmits return	AIRFARE	263.33	Meals 44.00		306.33
M. Jackson	11	9/23-26	11	IA/DC/ return	AIRFARE PV Auto 250 mile	384.00 50.00	Meals 45.00	Taxis 28.00	507.00
P. Snyder	11	No Date Provided		LA/DC/ return	PV Auto 56 mile @.20¢	11.20	Meals 36.00	Taxis 30.00 Parking 25.00	102.20
						975.53	192.50	83.00	1,251.03

REIMBURSEMENT CLAIM

FEMA/3 #18

mployee	Site Name: Location	Dates of Visit	Total Days in travel status	Itinerary (From-To)	Transportation		Hotel Meals or Per Diem	Other	Total
					Method	Cost			
L. Gish	2							Parking (2.00)	(2.00)
W. Kelley	2 & 12	2/17- 9/16	15	DC/Emmits return	PV Auto 2250 mi @.20¢	450.00			450.00
E. Juillet	10	9/23-25	3	Home/Emmits return	PV Auto 416 mile @.20¢	83.20	Meals 44.00		127.20
K.Davis	2	8/2 10/3		Staff Travel				Staff Travel 111.70	111.70
J. Smith	1	9/7 9/28		Emmits/DC Staff Travel				Taxis 9.50 Staff Travel 172.70	182.20
G. Bray	2	9/24			AIRFARE	(276.00)			(276.00)
J. Wright	2	9/14		Home/Emmits return	PV Auto 110 mile @ .20¢	22.00			22.00
C. Bonser	10	3/4-6	2	IL/DC/ return	AIRFARE	211.00			211.00
						490.20	44.00	291.90	826.10

REIMBURSEMENT CLAIM

FEMA/3 #18

mployee	Site Name: Location	Dates of Visit	Total Days in travel status	Itinerary (From-To)	Transportation		Hotel Meals or Per Diem	Other	Total
					Method	Cost			
D. Bonut	10 \	4/8-4/10	2	DC/CO return	AIRFARE	299.00			299.00
K. Davis	2 X	4/26-29	3	DC/Boston/ return	AIRFARE	238.00			238.00
J. Wright	4 X	3/26-27	2	DC/ MA/ return	AIRFARE	130.00			130.00
J. Dellow	10 \	APRIL		London/DC/ return	AIRFARE	781.00			781.00
D. Frame	12 X	4/11-13	3	MA/DC/ return	AIRFARE	268.00			268.00
R. Sparrow	10 X	3/15-4/8	23	Newark/DC return	AIRFARE	734.00			734.00
L. Haley	10 X	4/6-4/11	5	PA/CO/ PA	AIRFARE	632.00			632.00
M. Lee	1 X	4/20-4/26	6	SC/DC/ return	AIRFARE	489.00			489.00
						3,571.00			3,571.00

REIMBURSEMENT CLAIM

FEMA/3 # 18

Employee	Site Name: Location	Dates of Visit	Total Days in travel status	Itinerary (From-To)	Transportation		Hotel Meals or Per Diem	Other	Total
					Method	Cost			
H. White	4	4/15-4/20	5	TN/DC/ return	AIRFARE	268.00			268.00
F. Meehan	2	4/10-11	2	DC/TX/ return	AIRFARE	338.00			338.00
N. Lynn	1	4/23-26	3	KS/DC/ return	AIRFARE	478.00			478.00
F. Borden	1	4/23-24	2	LA/DC/ return	AIRFARE	846.00			846.00
L. Oliver	1	4/22-29	7	WA/ DC/ return	AIRFARE	480.00			480.00
S. Franklin	1	4/23-25	3	GA/ DC/ return	AIRFARE	348.00			348.00
T. Richard	2	4/22	4.5	CA/DC/ return	AIRFARE	823.00			823.00
T. Forbes	10	4/28		London/DC/	AIRFARE	873.00			873.00
						4,454.00			4,454.00

REIMBURSEMENT CLAIM

FEMA/S #18

Employee	Site Name: Location	Dates of Visit	Total Days in travel status	Itinerary (From-To)	Transportation Method	Transportation Cost	Hotel Meals or Per Diem	Other	Total
M. L. Nolan	1	4/24-25	2	KA/DC/ return	AIRFARE	330.00			330.00
A. Springer	1	4/23-4/29	6	CA/DC/ return	AIRFARE	623.00			623.00
B. Meyer	1	4/24-25	2	TX/DC/ return	AIRFARE	438.00			438.00
F. Meehan	2	4/27-29	3	DC/VT/ return	AIRFARE	105.00			105.00
L. Landsman	1	4/21-4/26	5	LA/DC/ return	AIRFARE	439.00			439.00
L. Hogan	10			Home	PV Auto 100 mile @.20¢	20.00			20.00
						1,955.00			1,955.00
				Grand Totals:		$ 19,182.83	$1,034.35	$540.80	$20,757.98

CONTRACT FEMA/3 #398
INVOICE #18

SUMMARY OF EXPENDITURES
SUPPORTIVE OF REIMBURSEMENT CLAIM

EXPENDITURE CATEGORY	AMOUNT CLAIMED PREVIOULSY	AMOUNT CLAIMED THIS PERIOD	CUMULATIVE TOTAL
LABOR-HOME OFFICE	81,215.11	-9,759.60	71,455.51
OVERHEAD @ 44%	39,189.83	-4,294.22	34,895.61
FRINGES @41%	21,115.90	-2,537.50	18,578.40
LABOR-FIELD OFFICE	316,384.55	28,266.60	344,651.15
FRINGES @ 41%	146,740.39	11,589.30	158,329.69
CONSULTANTS	423,202.50	2,580.00	425,782.50
TRAVEL	188,293.85	20,757.98	209,051.83
OTHER DIRECT COSTS	91,109.50	2,958.28	94,067.78
SUBCONTRACTOR	416,121.66	6,000.00	422,121.66
SUBTOTAL	1,723,373.29	55,560.84	1,778,934.13
G & A @ 8.5%	155,814.34	4,722.67	160,537.01
SUBTOTAL	1,879,187.63	60,283.51	1,939,471.14
FEE @ 8.25%	155,032.95	4,973.39	160,006.34
TOTAL	2,034,220.58	65,256.90	2,099,477.48

Task 2

INVOICE

John D. Smith, Manager
FEMA Educational Assistance Project
TRITON Corporation
1825 Connecticut Avenue, N.W.
Suite 408
Washington, D.C. 20009

Invoice for Professional Services

Description of services, including dates performed

Finalize units of instruction for IEMC TTT -
May 24 and 25, 1984

RECEIVED
OCT - 9 1984

2 days at $ per day............$200..............................$ 400

Expenses Incurred
(See attached detail of expenses and accompanying receipts).......$ 186.00

TOTAL DUE...$586.00

Please make checks payable to:
(Name)
(Address)

Sandra A Barker
(Consultant's Sig.)

mileage -
340 x 2 = 680 x .20 = 136.00
(Haddam, CT to Emmitsburg, MD & return)
meals/expenses 25.00 x 2 = 50.00
186.00

OK JRS
398/2

HUMAN POTENTIALS
1241-C East Lake Road, Dundee, NY 14837 • (607) 292-3508

Bill to:

TRITON
1255 Twenty-Third Street, N.W.
Suite 275
Washington, D.C. 20037

IEMC: National Security
TASK #2

Service:

Two days consultation including a presentation of "Psychological Response to Emergency Crisis Relocation", Emergency Management Institute, Emmetsburg, Maryland on September 19, 20, 1984.

Consultation Fee........................	$500.00
Airfare (Aircraft Rental + Fuel Charges).	262.33
Meals..................................	44.00
TOTAL	$806.33

Please expedite.
Thank you,

OCT - 9 1984

Grady P. Bray, Ph.D.

398/2

PAY TO:
GRADY P. BRAY
1241-C East Lake Rd.
Dundee, NY 14837

Date: Sept. 14 1984

Invoice for Professional Services
Rendered By
John N WRIGHT

SEP 28 1984

Invoice # (if applicable)

In order not to delay the processing of your invoice, please indicate all information in type or print neatly in BLACK ink only.

Services:

1 days of services rendered at
$ 200 per day . . . . $ 200.—

Dates of services rendered: 9/14/84

Expenses:

Please attach accompanying receipts. No expenses will be reimbursed without receipts.

List of itemized expenses incurred:

Airfare . . . . $ ________

Indicate ALL air travel covered by this invoice (please include dates).

1) To ________ From ________
2) To ________ From ________
3) To ________ From ________
4) To ________ From ________

Mileage (110 miles
@ .20¢ per mile) . $ 22.—

[illegible]

Parking . . . . $ ________

Taxes . . . . $ ________

Per Diem or Actual $ ________
Expenses (Include documentation from either)

Other (please specify) ________
________ $ ________

Total Expenses Incurred . . . . $ ~~22.00~~ $22.—

Total Amount Due . . . . $ 222.00

(complete reverse side)

Description of services rendered: Attend Meeting to consult on RCP & EESF (IEMIS) Program

Please indicate to whom checks should be made payable and to what address they should be sent:

Mail to: ~~Mr./Ms.~~ DR. JOHN N. WRIGHT
~~702 E. 36th St.~~ 3611 Parkside Dr.,
BALTIMORE, MD 21214

Payable to: JOHN N. WRIGHT

Social Security Number: 134 / 28 / 0568

Federal Identification Number:

Mail or deliver invoice, with all supporting documentation to:

TRITON Corporation
Suite 275
1255 Twenty-Third Street, N.W.
Washington, D.C. 20037
Attention: Accounting Department

Consultant's Signature: John N Wright

Please check to be certain that you have indicated all relevant information, that you have done so in type or black ink, that you have attached ALL accompanying receipts and other relevant documentation if any, and that you have signed this invoice.

Task 4

Date: 10/1 1984

Invoice for Professional Services
Rendered By
Richard E Zellner Jr.

Invoice # (if applicable)

In order not to delay the processing of your invoice, please indicate all information in type or print neatly in BLACK ink only.

Services:

20 ~~days~~ HRS of services rendered at
$ 15^{00} per ~~day~~ HR . . . . $ 300^{00}

Dates of services rendered: 9/1-30/84

Expenses:

Please attach accompanying receipts. No expenses will be reimbursed without receipts.

List of itemized expenses incurred:

Airfare . . . . $ ____________

Indicate ALL air travel covered by this invoice (please include dates).

1) To ____________ From ____________
2) To ____________ From ____________
3) To ____________ From ____________
4) To ____________ From ____________

OCT 3 -

Mileage (200 miles @ .20¢ per mile) . $ 40^{00}

Parking . . . . $ ____________

Taxes . . . . $ ____________

Per Diem or Actual Expenses (Include documentation from either) $ ____________

Other (please specify) Ribbon 3.64
office supplies 2^{13}
____________ $ ____________

OK 398/4
JDS

Total Expenses Incurred . . . . $ 345^{77}

Total Amount Due . . . . $ 345^{77}

(complete reverse side)

Description of services rendered: Completed programming of Prototype IEMS methodology microcomputer System. Final Disks/Documentation/Report are being sent in By Jeff Peterson (consultant on this project)

Please indicate to whom checks should be made payable and to what address they should be sent:

Mail to: Mr./Ms. Richard E Zollner Jr.
7 Pheasant Run Ct.
Sterling VA 22170

Payable to: Richard E Zollner JR.

Social Security Number: 578 180 13322

Federal Identification Number: ———

Mail or deliver invoice, with all supporting documentation to:

TRITON Corporation
Suite 275
1255 Twenty-Third Street, N.W.
Washington, D.C. 20037
Attention: Accounting Department

Consultant's Signature: Richard E. Zollner Jr

Please check to be certain that you have indicated all relevant information, that you have done so in type or black ink, that you have attached ALL accompanying receipts and other relevant documentation if any, and that you have signed this invoice.

Task 7

THE LAZAR INSTITUTE

September 20, 1984

TRITON Corporation
1255 23rd Street, N.W.
Suite 275
Washington, D.C. 20037

INVOICE FOR PROFESSIONAL SERVICES

Invoice No. F008

Reference: TRITON Subcontract to Lazar Institute dated May 31, 1984, under FEMA-TRITON Contract EMW-C-84-1543

For: Services Related to "Development of an NETC Long-Term Impact Evaluation System"

In accordance with fixed price billing schedule in Section 7.4 of subcontract (Invoice F008 due September 20, 1984)

$6,000.00

Please make check payable to:

The Lazar Institute
6726 Lucy Lane
McLean, Virginia 22101

Raymond H. Milkman
Authorized Signature
Raymond H. Milkman

Task 10

Date: OCTOBER 2, 1984

Invoice for Professional Services
Rendered By
WILLIAM G. CHRYSTAL

Invoice # (if applicable)

In order not to delay the processing of your invoice, please indicate all information in type or print neatly in BLACK ink only.

Services:

3 days of services rendered at
$ 160 per day . . . . $ 480

Dates of services rendered: 9/12-14/84, 9/30/84

Expenses:

Please attach accompanying receipts. No expenses will be reimbursed without receipts.

List of itemized expenses incurred:

Airfare . . . . $

Indicate ALL air travel covered by this invoice (please include dates).

1) To ______ From ______
2) To ______ From ______
3) To ______ From ______
4) To ______ From ______

Mileage (210 miles
@ .20¢ per mile) . $ 42.00
35/one way home to MTC

Parking . . . . $

Taxes . . . . $

Per Diem or Actual $
Expenses (Include documentation from either)

OK 398/10

Other (please specify)

$

Total Expenses Incurred . . . . $ 42.00

Total Amount Due . . . . $ 480.00

(complete reverse side)

Description of services rendered:
Attend Media Relations Conference prior to writing Conf. Report 9/12-14
Edit Terrorism Conference transcripts for final typing 9/30

Please indicate to whom checks should be made payable and to what address they should be sent:

Mail to: [✓ Mr.]/Ms. WILLIAM CHRYSTAL
5605 Mountville Rd.
Adamstown, MD 21710

Payable to: WILLIAM CHRYSTAL

Social Security Number: 539 / 44 / 5293

Federal Identification Number: ____________

Mail or deliver invoice, with all supporting documentation to:

TRITON Corporation
Suite 275
1255 Twenty-Third Street, N.W.
Washington, D.C. 20037
Attention: Accounting Department

Consultant's Signature: ____________

Please check to be certain that you have indicated all relevant information, that you have done so in type or black ink, that you have attached ALL accompanying receipts and other relevant documentation if any, and that you have signed this invoice.

T ATTNY
ox 471
LDER, CO 80306

Date: September 17 19 84

Invoice for Professional Services
Rendered By
Alexander M. Hunter

Invoice # (if applicable)

In order not to delay the processing of your invoice, please indicate all information in type or print neatly in BLACK ink only.

Services:

1 days of services rendered at
$ 250.00 per day . . . . $ 250.00

Dates of services rendered: 8/2/84

Expenses:

Please attach accompanying receipts. No expenses will be reimbursed without receipts.

List of itemized expenses incurred:

SEP 21 1984

Airfare . . . . $ ______

Indicate ALL air travel covered by this invoice (please include dates).

1) To ______ From ______
2) To ______ From ______
3) To ______ From ______
4) To ______ From ______

OK 398/10

Mileage (70 miles
@ .20¢ per mile) . $ 14.00 to and from Stapleton Airport

Parking . . . . $ ______

Taxes . . . . $ ______

Per Diem or Actual $ ______
Expenses (Include documentation from either)

Other (please specify) ______
______
______ $ ______

Total Expenses Incurred . . . . $ ______

Total Amount Due . . . . $ 264.00

(complete reverse side)

PRESENTATION AT SEPC "LEGAL ISSUES" CONFERENCE 8/1- 8/3

Date: Sept. 26 19 84

Invoice for Professional Services
Rendered By
M. Jackson

Invoice # (if applicable)

In order not to delay the processing of your invoice, please indicate all information in type or print neatly in BLACK ink only.

Services:

3 days of services rendered at
$ 150 00 per day . . . . $ 450.00

Dates of services rendered: Sept. 23,24,25 & 26.

Expenses:

Please attach accompanying receipts. No expenses will be reimbursed without receipts.

List of itemized expenses incurred:

OCT 3 - 1984

Airfare . . . . $ 384.00

Indicate ALL air travel covered by this invoice (please include dates).

1) To Washington, D. C. From Des Moines, Iowa Sept. 23, 1984
2) To Des Moines, Iowa From Washington, D. C. Sept. 26, 1984
3) To From
4) To From

Mileage (250 miles
@ .20¢ per mile) . $ 50.00 from Chariton, Iowa to Des Moines, Iowa and return. (airport)

Parking . . . . $

Taxes . . . . $

OK JDS
396/tt 10

Per Diem or Actual $
Expenses (Include documentation from either)

Other (please specify) cab fare $28.00
meals $45.00
$ 73.00

Total Expenses Incurred . . . . $ 507.00

Total Amount Due . . . . $ 957.00

(complete reverse side)

Description of services rendered: To serve on faculty for "Teaching [illegible] of the Disaster - Related Needs of Disabled and Elderly People: what should be learned.

Please indicate to whom checks should be made payable and to what address they should be sent:

Mail to: Mr./Ms. M. Jackson (Merlon R. Jackson)
1108 Hillcrest Ct.
Chariton, Iowa 50049

Payable to: M. Jackson

Social Security Number: 482 / 30 / 0296

Federal Identification Number:

Mail or deliver invoice, with all supporting documentation to:

TRITON Corporation
Suite 275
1255 Twenty-Third Street, N.W.
Washington, D.C. 20037
Attention: Accounting Department

Consultant's Signature: M Jackson

Please check to be certain that you have indicated all relevant information, that you have done so in type or black ink, that you have attached ALL accompanying receipts and other relevant documentation if any, and that you have signed this invoice.

Mr. Volkmer. I might remind you that you have renewed Triton for another month.

Mr. Giuffrida. No; we did not renew.

Mr. Volkmer. Extended.

Mr. Martin. Extended, to cover those modifications of the 17 items.

Mr. Volkmer. Mr. Payne is not here.

Mr. Martin. He is out following up on that—the other part of something we had going. He will be in in a few moments.

Mr. Volkmer. All right.

Perhaps you can check back, too, and let us know for the record whether you paid for the tickets to the Capitol Hill Club.

Mr. Giuffrida. We will check on that, sir.

Mr. Volkmer. Our information is that you did pay for those. That seems to be the biggest problem with the whole thing. It doesn't strike some of us even in political office, and I am sure the taxpayers don't like the idea of Government agencies buying tickets with taxpayers' money to political events.

Mr. Giuffrida. I agree with that, Mr. Chairman. I have stated that to Mr. Andrews.

Mr. Martin. Mr. Chairman, on that $2,114.70, on the tickets, that was another one of the items that was questioned, and that is why Mr. Payne is out on the phone now talking with the project officer. He is trying to come up with the documents that would indicate that that has always been adjusted.

Mr. Volkmer. Well, I think we are going to need Mr. Payne for this, too, and that is some information that has been brought to me now with regard to—again, we get back—I hate to spend all that time on that second floor kitchen, Mr. Giuffrida. I know you are shaking your head.

There was a provision put in there for a Vulcan Heart gas range for $1,698. But there is also, I guess, above that range, if I go up there I will find a stainless steel hood duct, air system. And that is above the stove, is it not?

Mr. Giuffrida. That, sir, is part of the fire suppression system I was talking about in my testimony. I have not seen it.

Mr. Volkmer. $5,951. And I understand also that there was a crane rental. What was the crane used for?

Mr. Giuffrida. I haven't any idea at all.

Mr. Volkmer. Mr. Payne, what was the crane used for?

Mr. Payne. Sir, the crane was used to lift it up to the second floor.

Mr. Volkmer. The stove?

Mr. Payne. The stove, and the vents, too.

Mr. Volkmer. All right. So we rented a crane. By the time we put the hood on and the fire extinguisher system for the hood, we get a little above $1,600.

Mr. Giuffrida. Yes; I thought I had stated that in my earlier testimony that the total cost of the kitchen was somewhere around $16,000. The stove, per se, was about $1,600.

Mr. Volkmer. Right. But the total——

Mr. Giuffrida. Total for the kitchen was about $16,000, yes. I think it might be, if it would be useful, sir—I just got a bid on a kitchen renovation at home which is nowhere near that in terms of fire suppression or anything else. And I am looking at about $11,000, if I want to go through with that in my house. And that, again—the relevance of that I think is that the fixtures and so on, with the exception of the fire suppression, and I have explained why the fire suppression system is there. That is a demonstration now and has been since installation for the students that come to the National Fire Academy.

Mr. **Volkmer**. What is a range broiler?

Mr. **Giuffrida**. A what, sir?

Mr. **Volkmer**. A range broiler?

Mr. **Payne**. That is to broil a steak or whatever. You have a broiler. And you have a cooker.

Mr. **Volkmer**. That is in addition to the gas range?

Mr. **Payne**. Yes.

Mr. **Volkmer**. That is used for cooking, too?

Mr. **Payne**. Yes, sir.

Mr. **Volkmer**. That was $1,400.

Did you find out, Mr. Payne, whether FEMA had reimbursed Triton for the tickets to the Capitol Hill Club?

Mr. **Payne**. Mr. Chairman, I think Mr. Martin has the answer. It was the other way around.

Mr. **Martin**. They did adjust the bill, and we have the voucher number which we will provide for the record. It shows we were given credit for $2,114.

Mr. **Volkmer**. What about the Conservative Union now?

Mr. **Martin**. The same thing, sir.

Mr. **Volkmer**. Both of those?

Mr. **Payne**. They were disallowed by the project officer.

Mr. **Volkmer**. They were paid, and 6 months later or so—after all the publicity.

Mr. **Martin**. Mr. Chairman, part of the process of the fast payment is that you have the ability to go back. You never give them all the money. You keep enough in reserve to go back and adjust for those questionable items. And this was the case here, I suspect.

Mr. **Volkmer**. I am going to have to recess and make this vote. We will come back again in about 10 minutes.

[The documents referred to follow:]

Standard Form 1034
September 1973
4 Treasury FRM 2000
1034-113

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

VOUCHER NO. FEMA/3 #17

U.S. DEPARTMENT, BUREAU, OR ESTABLISHMENT AND LOCATION
Federal Emergency Management Agency
Office of the Comptroller
Accounting Division
Washington, D.C. 20472

DATE VOUCHER PREPARED: September 30, 1984

CONTRACT NUMBER AND DATE: EMW-84-C-1543

REQUISITION NUMBER AND DATE:

SCHEDULE NO. #398

PAID BY

PAYEE'S NAME AND ADDRESS
TRITON Corporation
1255 23rd Street, N.W.
Suite #275
Washington, D.C. 20037

DATE INVOICE RECEIVED

DISCOUNT TERMS

PAYEE'S ACCOUNT NUMBER

SHIPPED FROM | TO | WEIGHT

GOVERNMENT B/L NUMBER

NUMBER AND DATE OF ORDER	DATE OF DELIVERY OR SERVICE	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary)	QUANTITY	UNIT PRICE COST	UNIT PRICE PER	AMOUNT (1)
	9/16/84 to 9/30/84	For services rendered under the above referenced contract.				$ 96,712.54

The undersigned hereby certifies that payments of the sum claimed under the above cited contract is for appropiate purpose and is in accordance with the agreement of the contract.

Richard D. Salvatierra
Richard D. Salvatierra, President

(Use continuation sheet(s) if necessary) (Payee must NOT use the space below) TOTAL $ 96,712.54

PAYMENT:
☐ COMPLETE
☐ PARTIAL
☐ FINAL
☐ PROGRESS
☐ ADVANCE

APPROVED FOR =$

EXCHANGE RATE =$1.00

DIFFERENCES

BY 2

TITLE

Amount verified; correct for
(Signature or initials)

Pursuant to authority vested in me, I certify that this voucher is correct and proper for payment.

(Date) (Authorized Certifying Officer) 2 (Title)

ACCOUNTING CLASSIFICATION

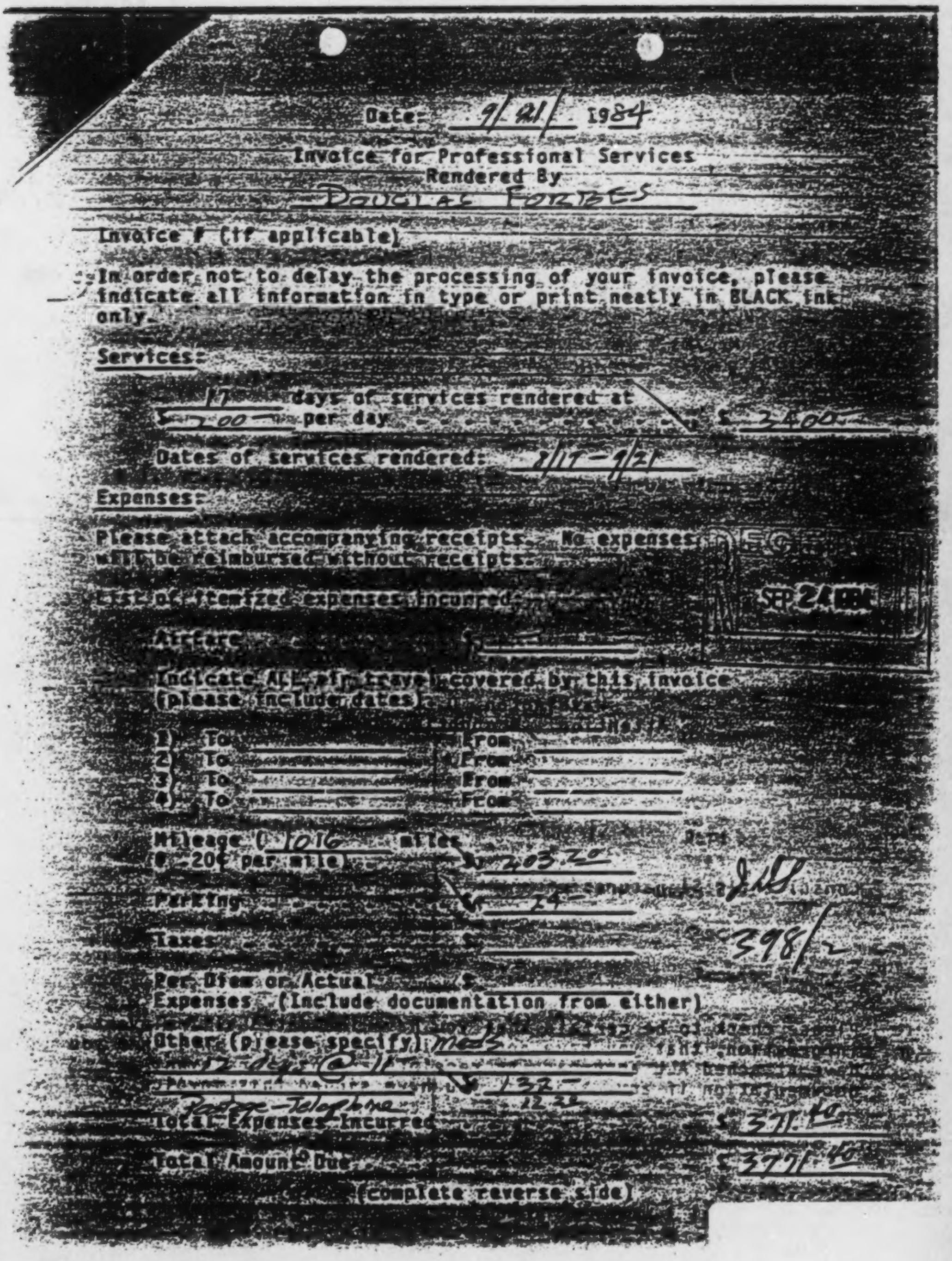
PAID BY
CHECK NUMBER | ON TREASURER OF THE UNITED STATES | CHECK NUMBER | ON (Name of bank)
CASH $ | DATE | PAYEE 3

PER

TITLE

1 When stated in foreign currency, insert name of currency.
2 If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign in the space provided, over his official title.
3 When a voucher is receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary", or "Treasurer", as the case may be.

☆U.S. GOVERNMENT PRINTING OFFICE: 1979—281-187 4095



Date: 9/21/ 1984

Invoice for Professional Services
Rendered By
DOUGLAS FORBES

Invoice # (if applicable)

In order not to delay the processing of your invoice, please indicate all information in type or print neatly in BLACK ink only.

Services:

17 days of services rendered at
$ 200 per day . . . . $ 3400

Dates of services rendered: 8/17 - 9/21

Expenses:

Please attach accompanying receipts. No expenses will be reimbursed without receipts.

SEP 24 1984

List of itemized expenses incurred:

Airfare $

Indicate ALL air travel covered by this invoice (please include dates)

1) To From
2) To From
3) To From
4) To From

Mileage (1016 miles
@ .20¢ per mile) $ 203.20

Parking $ 24

Taxes $

Per Diem or Actual $
Expenses (Include documentation from either)

Other (please specify) meals
12 days @ 11 $ 132
Postage-Telephone 12.20

Total Expenses Incurred $ 371.40

Total Amount Due $ 3771.40

(complete reverse side)

398/2

Description of services rendered: Facilitator for Emergency Management Course - National Security

Please indicate to whom checks should be made payable and to what address they should be sent:

Mail to: Mr./~~Ms~~. Harold G. Narum
1512 S. 3rd
Bismarck, N.D. 58501

Payable to: Harold G. Narum

Social Security Number: 501 48 1898

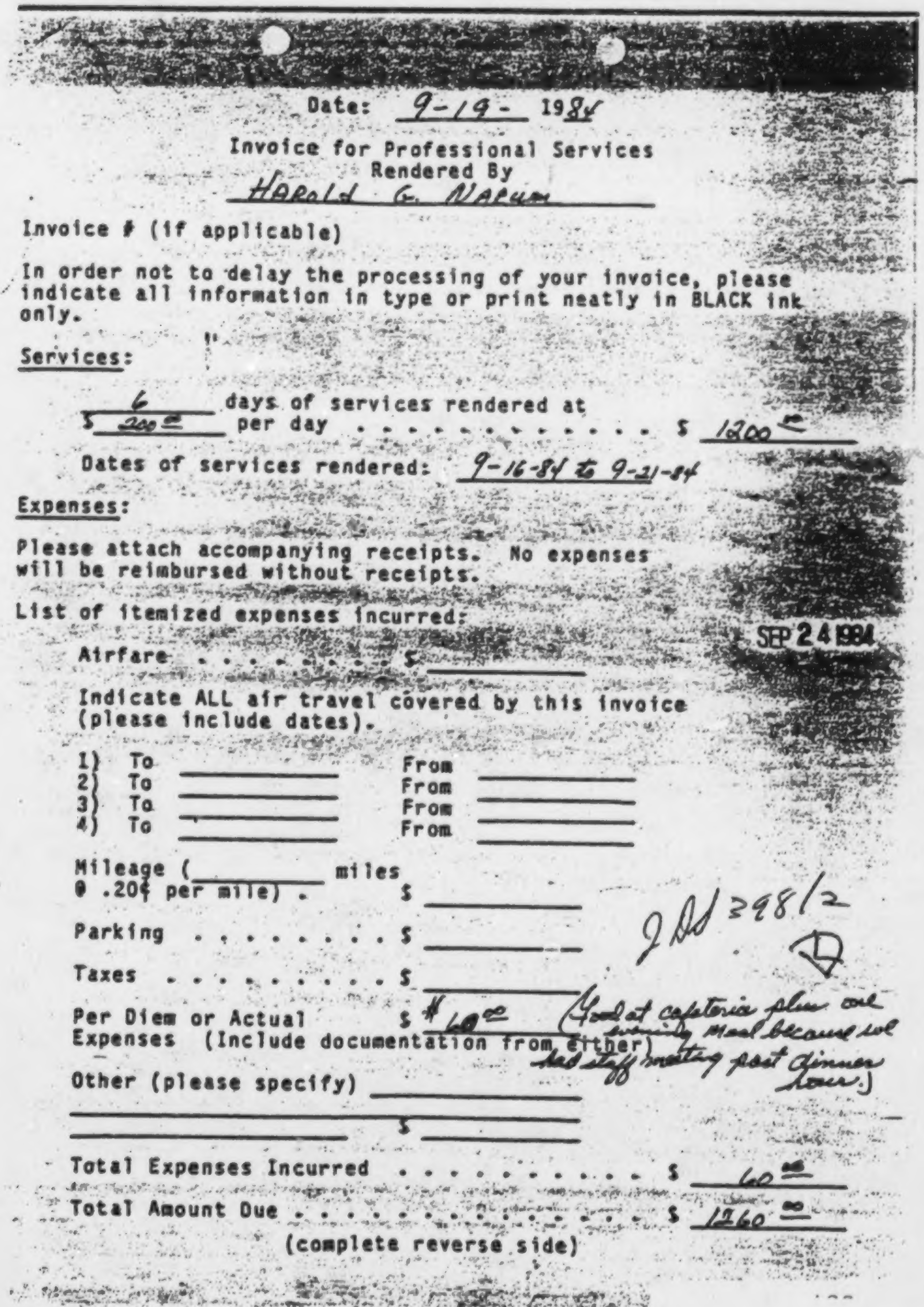
Federal Identification Number:

Mail or deliver invoice, with all supporting documentation to:

TRITON Corporation
Suite 275
1255 Twenty-Third Street, N.W.
Washington, D.C. 20037
Attention: Accounting Department

Consultant's Signature: Harold G. Narum

Please check to be certain that you have indicated all relevant information, that you have done so in type or black ink, that you have attached ALL accompanying receipts and other relevant documentation if any, and that you have signed this invoice.



Date: 9-19- 1984

Invoice for Professional Services
Rendered By
HARold G. NAHUM

Invoice # (if applicable)

In order not to delay the processing of your invoice, please indicate all information in type or print neatly in BLACK ink only.

Services:

6 days of services rendered at
$ 200⁰⁰ per day . . . . $ 1200⁰⁰

Dates of services rendered: 9-16-84 to 9-21-84

Expenses:

Please attach accompanying receipts. No expenses will be reimbursed without receipts.

List of itemized expenses incurred:

SEP 24 1984

Airfare . . . . $ ______

Indicate ALL air travel covered by this invoice (please include dates).

1) To ______ From ______
2) To ______ From ______
3) To ______ From ______
4) To ______ From ______

Mileage (______ miles @ .20¢ per mile) . $ ______

Parking . . . . $ ______

Taxes . . . . $ ______

JDS 398/2

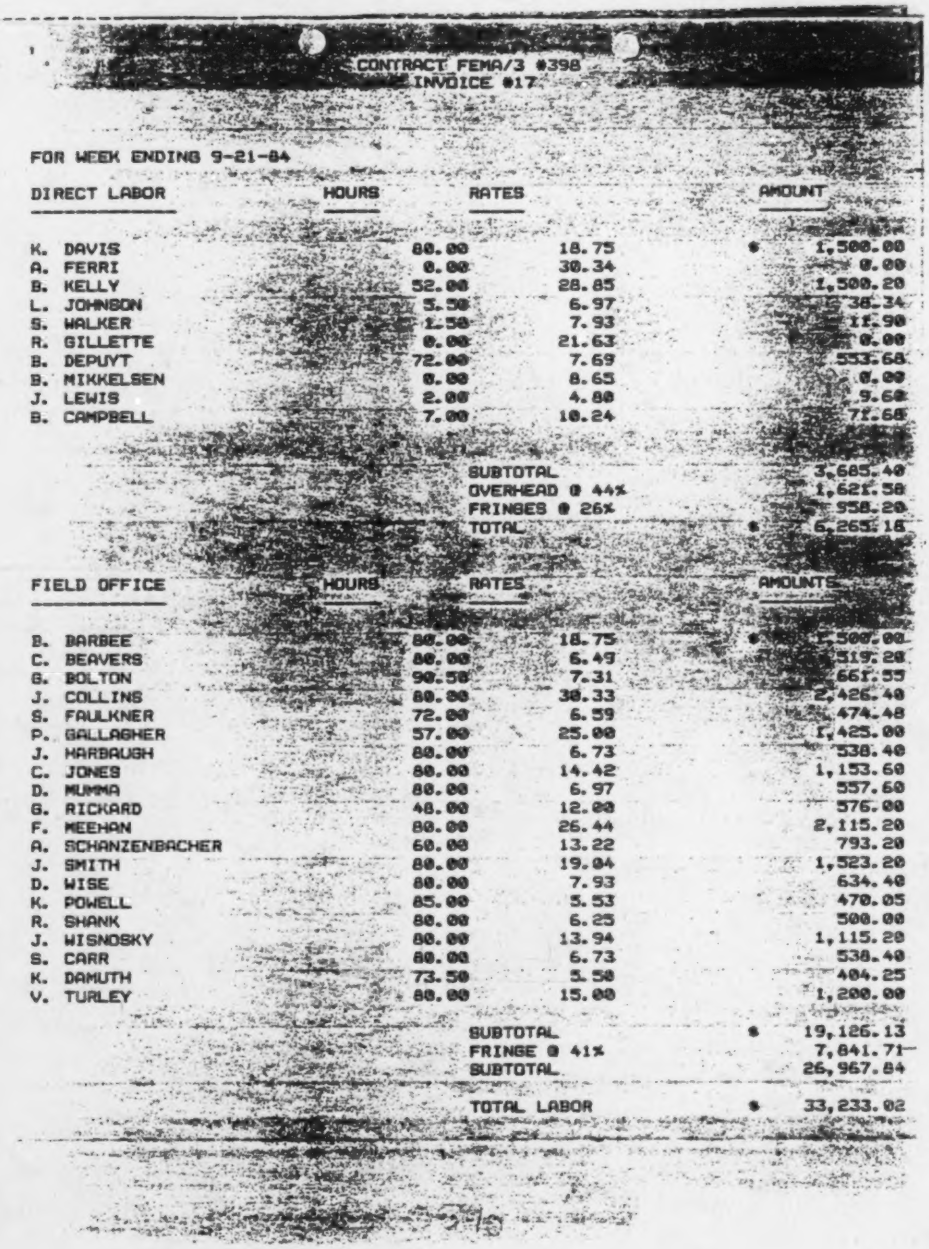
Per Diem or Actual Expenses (Include documentation from either) $ #60⁰⁰ (Food at cafeteria plus one evening meal because we had staff meeting past dinner hour.)

Other (please specify) ______
______
______ $ ______

Total Expenses Incurred . . . . $ 60⁰⁰

Total Amount Due . . . . $ 1260⁰⁰

(complete reverse side)

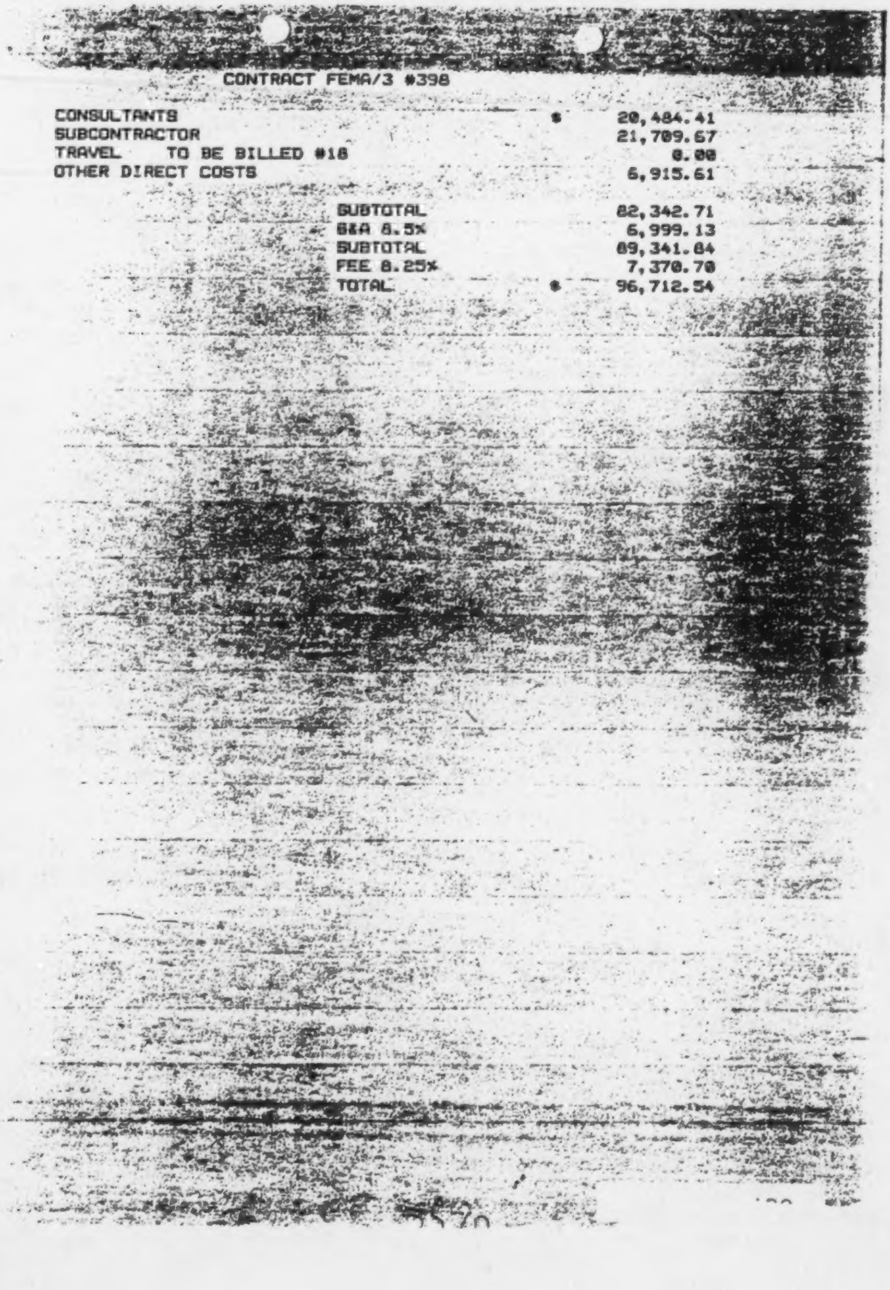


CONTRACT FEMA/3 #398
INVOICE #17

FOR WEEK ENDING 9-21-84

DIRECT LABOR	HOURS	RATES		AMOUNT
K. DAVIS	80.00	18.75	$	1,500.00
A. FERRI	0.00	30.34		0.00
B. KELLY	52.00	28.85		1,500.20
L. JOHNSON	5.50	6.97		38.34
S. WALKER	1.50	7.93		11.90
R. GILLETTE	0.00	21.63		0.00
B. DEPUYT	72.00	7.69		553.68
B. MIKKELSEN	0.00	8.65		0.00
J. LEWIS	2.00	4.80		9.60
B. CAMPBELL	7.00	10.24		71.68
		SUBTOTAL		3,685.40
		OVERHEAD @ 44%		1,621.58
		FRINGES @ 26%		958.20
		TOTAL	$	6,265.18

FIELD OFFICE	HOURS	RATES		AMOUNTS
B. BARBEE	80.00	18.75	$	1,500.00
C. BEAVERS	80.00	6.49		519.20
G. BOLTON	90.50	7.31		661.55
J. COLLINS	80.00	30.33		2,426.40
S. FAULKNER	72.00	6.59		474.48
P. GALLAGHER	57.00	25.00		1,425.00
J. HARBAUGH	80.00	6.73		538.40
C. JONES	80.00	14.42		1,153.60
D. MUMMA	80.00	6.97		557.60
G. RICKARD	48.00	12.00		576.00
F. MEEHAN	80.00	26.44		2,115.20
A. SCHANZENBACHER	60.00	13.22		793.20
J. SMITH	80.00	19.04		1,523.20
D. WISE	80.00	7.93		634.40
K. POWELL	85.00	5.53		470.05
R. SHANK	80.00	6.25		500.00
J. WISNOSKY	80.00	13.94		1,115.20
S. CARR	80.00	6.73		538.40
K. DAMUTH	73.50	5.50		404.25
V. TURLEY	80.00	15.00		1,200.00
		SUBTOTAL	$	19,126.13
		FRINGE @ 41%		7,841.71
		SUBTOTAL		26,967.84
		TOTAL LABOR	$	33,233.02



CONTRACT FEMA/3 #398

CONSULTANTS	$	20,484.41
SUBCONTRACTOR		21,709.67
TRAVEL TO BE BILLED #18		0.00
OTHER DIRECT COSTS		6,915.61
SUBTOTAL		82,342.71
G&A 8.5%		6,999.13
SUBTOTAL		89,341.84
FEE 8.25%		7,370.70
TOTAL	$	96,712.54

CONTRACT FEMA/3 #398
INVOICE #17

CONSULTANTS NAME	CONSULTANT TASK ORDER		AMOUNT
W. H. FIELDS	2		530.41
J. MITCHELL	2		200.00
D. JOHNSON	2		800.00
M. JENNINGS	10		-412.50
D. FORBES	2		-400.00
F. BORDEN	1		400.00
A. SETTLE	10		1,456.50
S. MATTINGLY	2		400.00
L. GISH	2		800.00
J. SEIFFERT	2		600.00
E. CASTELLENTE	2		800.00
D. CHAMBERLIN	2		800.00
R. SEMPLE	10		250.00
M. BUCHANAN	10		250.00
L. HOGAN	10		3,500.00
L. HOGAN	3		250.00
A. HUNTER	10		250.00
D. MILLER	4		2,750.00
F. DUNPHY	3		300.00
J. HILL	2		1,200.00
H. NARUM	2		1,200.00
W. CHRYSTAL	10		160.00
D. FORBES	2		3,400.00
C. FISHER	2		200.00
B. SWANSON	2		800.00

	TOTAL	$	20,484.41

SUBCONTRACTORS

	TASK ORDER		
UNIVERSITY OF LOWELL	4		7,485.55
PERFORMANCE TRAINING INC.	1		14,000.00
WRIGHT WATER ENGINEERS INC.	4		224.12

	TOTAL	$	21,709.67

OTHER DIRECT COSTS

TEMPORARY HELP		$	1,326.05
MESSENGER/DELIVERY			221.85
TELEPHONE/TELEX			203.72
EDITING			4,450.50
EQUIPMENT RENTAL			-133.56
LUNCHEON/MEETING**			-2,000.00
XEROXING			14.28
REFERENCE MATERIAL			60.46
SUPPLIES			391.54
TRANSCRIPTS			2,376.50
POSTAGE			4.27

	TOTAL	$	6,915.61

**BILLED IN ERROR VOUCHER #06 4/15/84.

Tab 2

CONTRACT FEMA/3 #398
INVOICE #1

SUMMARY OF EXPENDITURES
SUPPORTIVE OF REIMBURSEMENT CLAIM

EXPENDITURES CATEGORY	AMOUNT CLAIMED PREVIOUSLY	AMOUNT CLAIMED THIS PERIOD	CUMULATIVE TOTAL
DIRECT LABOR	77,529.71	3,685.40	81,215.11
OVERHEAD @44%	37,568.25	1,621.58	39,189.83
FRINGES @ 26%	20,157.70	958.20	21,115.90
LABOR-FIELD	297,258.42	19,126.13	316,384.55
FRINGES @ 41%	138,898.68	7,841.71	146,740.39
TRAVEL	188,293.85	0.00	188,293.85
CONSULTANT FEE	402,718.09	20,484.41	423,202.50
SUBCONTRACTOR	394,411.99	21,709.67	416,121.66
OTHER DIRECT COST	84,193.89	6,915.61	91,109.50
SUBTOTAL	1,641,030.58	82,342.71	1,723,373.29
GGA @8.5%	148,815.21	6,999.13	155,814.34
SUBTOTAL	1,789,845.79	89,341.84	1,879,187.63
FEE @ 8.25%	147,662.25	7,370.70	155,032.95
TOTAL	1,937,508.04	96,712.54	2,034,220.58

Task 1

Performance Training, Inc.

September 20, 1984

Triton Corporation
1255 23rd St. NW
Suite 275
Washington, D.C.

Attn: Ms. B. Baumgartner

Subj: Invoice submission, contract EMW-C-84-1543

Dear Ms. Baumgartner:

This is invoice #3 for the subcontract work performed by PTI to date.

We have been able to conduct the first validation of the RM materials using Penscola firemen as the trainees. The results of the validation indicate that, as planned, we will have to modify the materials and conduct another validation.

Approximately 510 hours of direct labor and $1240.00 of travel have been expended during this invoice period (August 10 through September 20, 1984). Thus, the invoice is for the entire value, $14,000., as specified in the contract.

If there any questions, please contact the undersigned at (904) 433-2253.

Sincerely,

Scott R. Laidig

Scott R. Laidig
President

OK JRS
398/1

SEP 24 1984

P.O. BOX 1805, Pensacola, Florida 32598 • 904-433-2253

Date: 9/8/ 1984

Invoice for Professional Services
Rendered By
FRANK W. BORDEN

Invoice # (if applicable) EMW-84-C-1543 (CONTRACT #)

In order not to delay the processing of your invoice, please indicate all information in type or print neatly in BLACK ink only.

Services:

2 days of services rendered at
$ 200. per day . . . . $ 400.00

Dates of services rendered: 4/20/84 + 4/24/84

Expenses:

Please attach accompanying receipts. No expenses will be reimbursed without receipts.

SEP 17 1984

List of itemized expenses incurred:

Airfare . . . . $ ________

Indicate ALL air travel covered by this invoice (please include dates).

1) To ________ From ________
2) To ________ From ________
3) To ________ From ________
4) To ________ From ________

Mileage (________ miles @ .20¢ per mile) . $ ________

Parking . . . . $ ________

Taxes . . . . $ ________

Per Diem or Actual $ ________
Expenses (Include documentation from either)

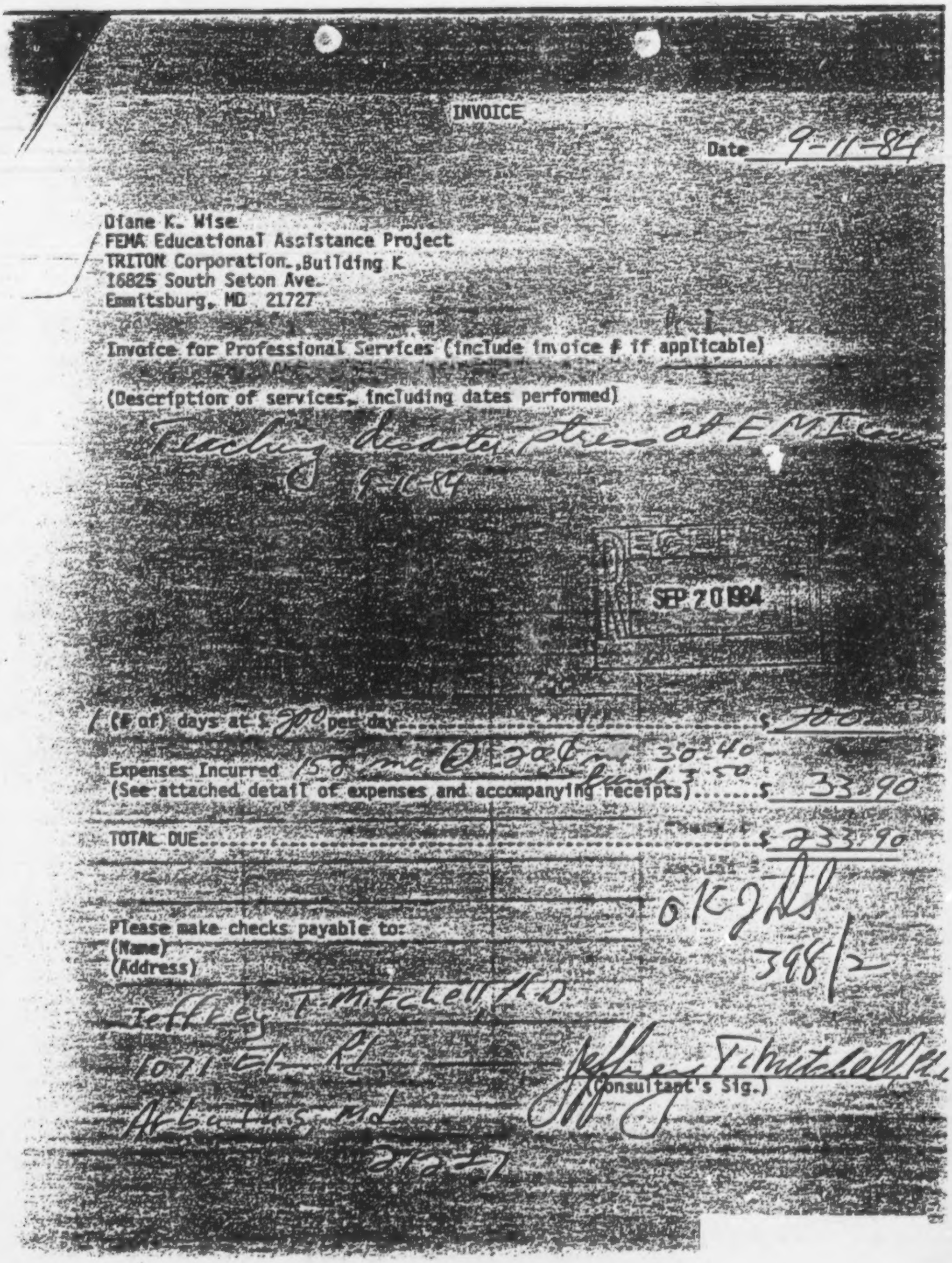
Other (please specify) ________
________ $ ________

OK 398

Total Expenses Incurred . . . . $ -0-

Total Amount Due . . . . $ -0-

(complete reverse side)



INVOICE

Date 9-11-84

Diane K. Wise
FEMA Educational Assistance Project
TRITON Corporation.,Building K
16825 South Seton Ave.
Emmitsburg, MD 21727

Invoice for Professional Services (include invoice # if applicable)

(Description of services, including dates performed)

Teaching disaster stress at EMI on
@ 9-10-84

SEP 20 1984

1 (# of) days at $ 200 per day .... $ 200

Expenses Incurred 152 mi @ 20¢/mi 30.40
lunch 3.50
(See attached detail of expenses and accompanying receipts) .... $ 33.90

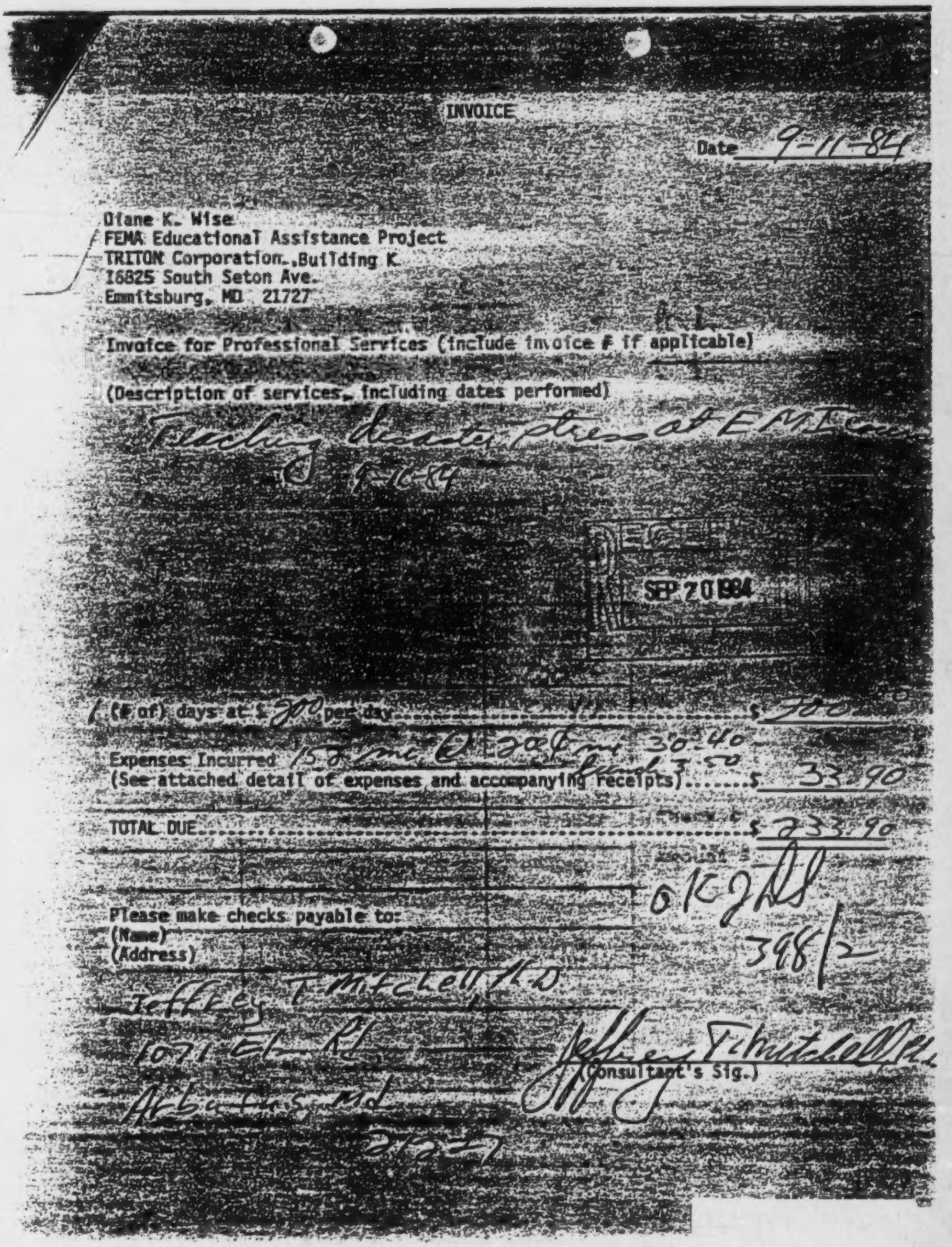
TOTAL DUE .... $ 233.90

OK JHS
398/2

Please make checks payable to:
(Name)
(Address)

Jeffrey T Mitchell PhD
1071 Elm Rd
Arbutus, MD
21227

Jeffrey T. Mitchell PhD
(Consultant's Sig.)



INVOICE

Date 9-11-84

Diane K. Wise
FEMA Educational Assistance Project
TRITON Corporation, Building K
16825 South Seton Ave.
Emmitsburg, MD 21727

Invoice for Professional Services (include invoice # if applicable)

(Description of services, including dates performed)

Teaching disaster stress at EMI on
@ 9-10-84

SEP 20 1984

1 (# of) days at $ 700 per day .... $ 700

Expenses Incurred 152 mi @ 20¢/mi 30.40
lunch 3.50
(See attached detail of expenses and accompanying receipts) ...... $ 33.90

TOTAL DUE .... $ 733.90

OK JHS
398/2

Please make checks payable to:
(Name)
(Address)

Jeffrey T. Mitchell, M.D.
1071 Elm Rd.
Arbutus, MD
21227

Jeffrey T. Mitchell M.D.
(Consultant's Sig.)

Task 2

Inv #	Invoice Date
5179	9/18/84

WH Fields Video Inc.

8027 Leesburg Pike
Suite 710
Vienna, Virginia 22180
(703) 556-9700

BILL TO:
Triton
1255 23rd Street N.W.
Suite 275
Washington, D.C. 20037

SHIP TO:
SAME

Receipt #	Your Purchase Order #	Your Job #	Work Order #	Terms
Nº - 5179			03363	see below

9/12/84 Cassette/DVE Correction FEMA 398-2 BK

cmc: Nat. Sec.

23:00

1/2 hour DVE

23min. 1" tape stock

23min. 1"-1/2" Beta II Dub

Service Date	Quantity	Unit	SERVICES	Unit Price	Amount
9/12/84			1/2 hour DVE	195ph	97.50
			23 min. 1" tape stock	1.47pm	33.81
			23 min. 1"-1/2" Beta II Dub		32.00

SEP 2 0 1984

Total Sale	163.31
Sales Tax	out of St
Total Invoice	163.31

Terms:
DISCOUNT OF for payment received by NET DUE

FINANCE CHARGE: 1.5% per month on charges not paid by date due. 18% annual equivalent.

1½% after 30 days

INVOICE

To: Diane K. Wise
FEMA Educational Assistance Project
Triton Corporation, Building K
16825 South Seton Avenue
Emmitsburg, Maryland 21727

September 14, 1984

Invoice for professional services:

Your contract Number EMW-84-C-1543, Educational Assistance Project to the National Emergency Training Center.

Delivering the Public Works presentation before the IEMC on September 11, 1984; and participation as a controller in the exercise room on September 13, 1984.

	4 Days @ $200.00 per day	$800.00
Expenses incurred		
	Meals: Meal ticket number 2279, 2302, 2319 (copy attached)	$48.00
	Auto mileage 76 miles X 2 ways X 20¢ per mile	$30.40
	Total Due	$878.40

Please make check payable to:

Dennis R. Johnson
1063 N. Montana Street
Arlington, Virginia 22205

SEP 20 1984

O.K.
348/2

Date: 7/18-19 1984

Invoice for Professional Services
Rendered By
DOUGLAS P. FORBES

Duplicate

Invoice # (if applicable)

In order not to delay the processing of your invoice, please indicate all information in type or print neatly in BLACK ink only.

Services:

2 days of services rendered at
$ 200– per day . . . . $ 400–

Dates of services rendered: 7/18-19/84

Expenses:

Please attach accompanying receipts. No expenses will be reimbursed without receipts.

List of itemized expenses incurred:

Airfare . . . . $ Paid

OK
398/2
Kenneth E. Dean

Indicate ALL air travel covered by this invoice (please include dates).

1) To ______ From ______
2) To ______ From ______
3) To ______ From ______
4) To ______ From ______

Mileage (60 miles
@ .20¢ per mile) . $ 12–

Parking (airport) . . . $ 20–

Taxes . . . . $ ______

Per Diem or Actual ____ $ ______
Expenses (Include documentation from either)

Other (please specify) meal
3 breakfast @ 2– 2 lunches @ 3.50 2 @ dinner 9.50
$ 30–

Total Expenses Incurred . . . . $ 462–

Total Amount Due . . . . $ 462–

(complete reverse side)

[redacted]

Description of services rendered: Developing national security
- course

Please indicate to whom checks should be made payable and to what address they should be sent:

Mail to: Mr./~~Ms.~~ DOUGLAS P. FORBES
400 Worcester Rd.
Framingham, MA 01701

Payable to: DOUGLAS P. FORBES

Social Security Number: 018 / 20 / 3054

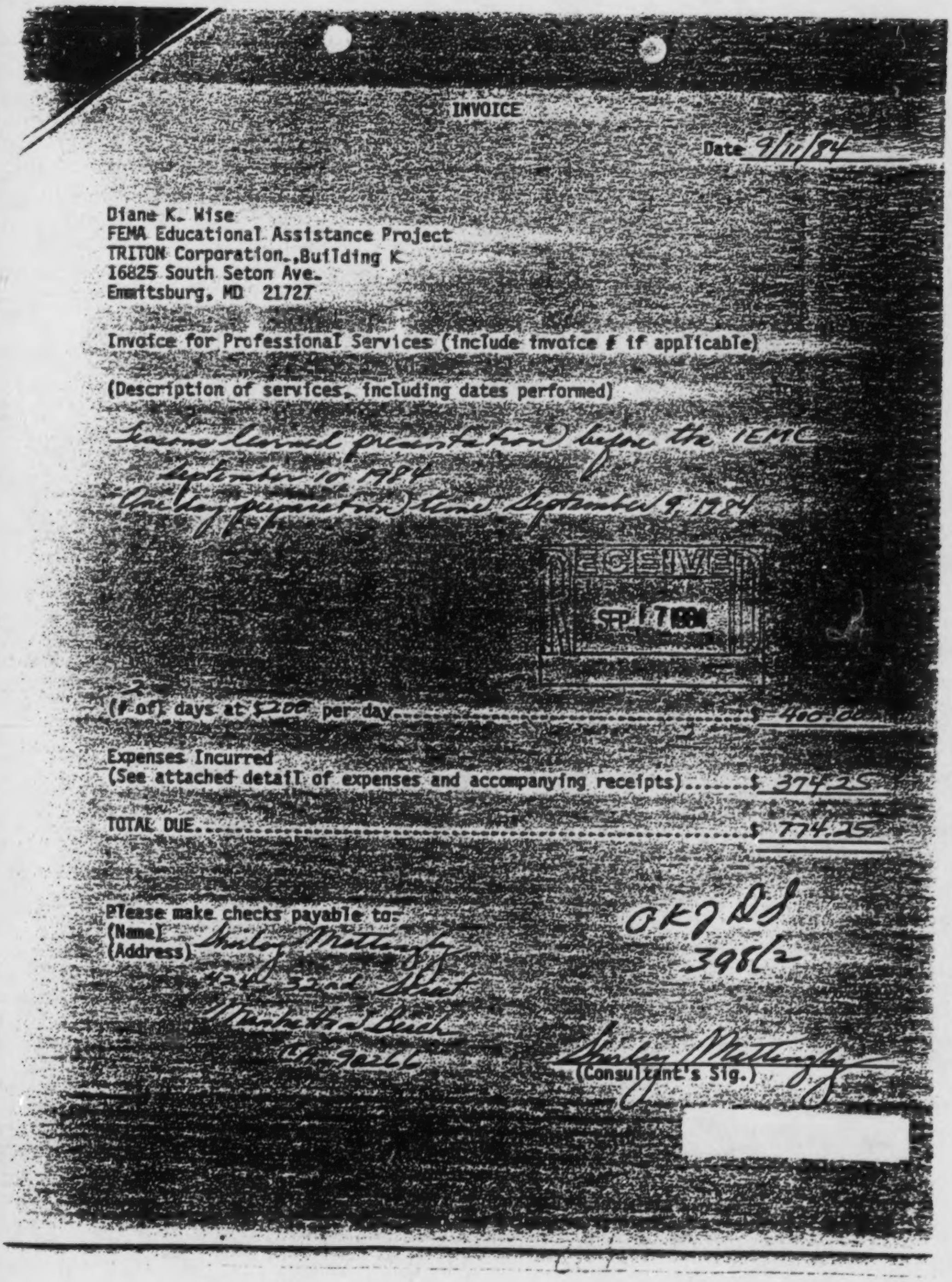
Federal Identification Number:

Mail or deliver invoice, with all supporting documentation to:

TRITON Corporation
Suite 275
1255 Twenty-Third Street, N.W.
Washington, D.C. 20037
Attention: Accounting Department

Consultant's Signature: D. P. F.

Please check to be certain that you have indicated all relevant information, that you have done so in type or black ink, that you have attached ALL accompanying receipts and other relevant documentation if any, and that you have signed this invoice.



INVOICE

Date 9/11/84

Diane K. Wise
FEMA Educational Assistance Project
TRITON Corporation.,Building K
16825 South Seton Ave.
Emmitsburg, MD 21727

Invoice for Professional Services (include invoice # if applicable)

(Description of services, including dates performed)

Learner-centered presentation before the IEMC
September 10, 1984
One day preparation time September 9, 1984

RECEIVED
SEP 17 1984

2 (# of) days at $200 per day.......... $ 400.00

Expenses Incurred
(See attached detail of expenses and accompanying receipts)........ $ 374.25

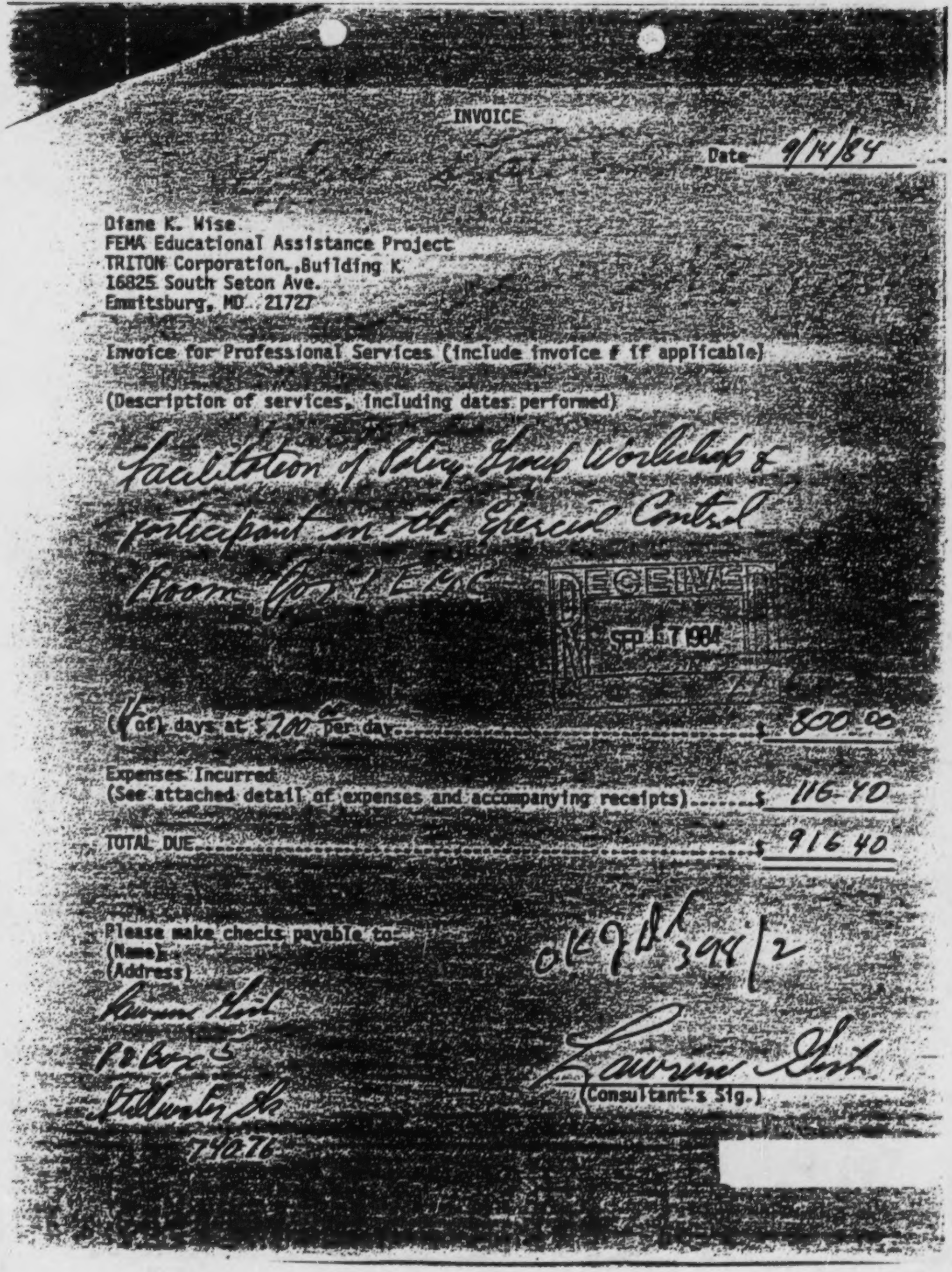
TOTAL DUE.......... $ 774.25

OK J DS
398/2

Please make checks payable to:
(Name) Shirley Mattingly
(Address) 424 32nd Street
Manhattan Beach
CA 90266

Shirley Mattingly
(Consultant's Sig.)

[redacted]



INVOICE

Date 9/14/84

Diane K. Wise
FEMA Educational Assistance Project
TRITON Corporation.,Building K
16825 South Seton Ave.
Emmitsburg, MD 21727

Invoice for Professional Services (include invoice # if applicable)

(Description of services, including dates performed)

Facilitation of Policy Group Workshop & participant in the Exercise Control Room for EMC

RECEIVED
SEP 17 1984

(4 of) days at $200.00 per day .... $ 800.00

Expenses Incurred
(See attached detail of expenses and accompanying receipts) .... $ 116.40

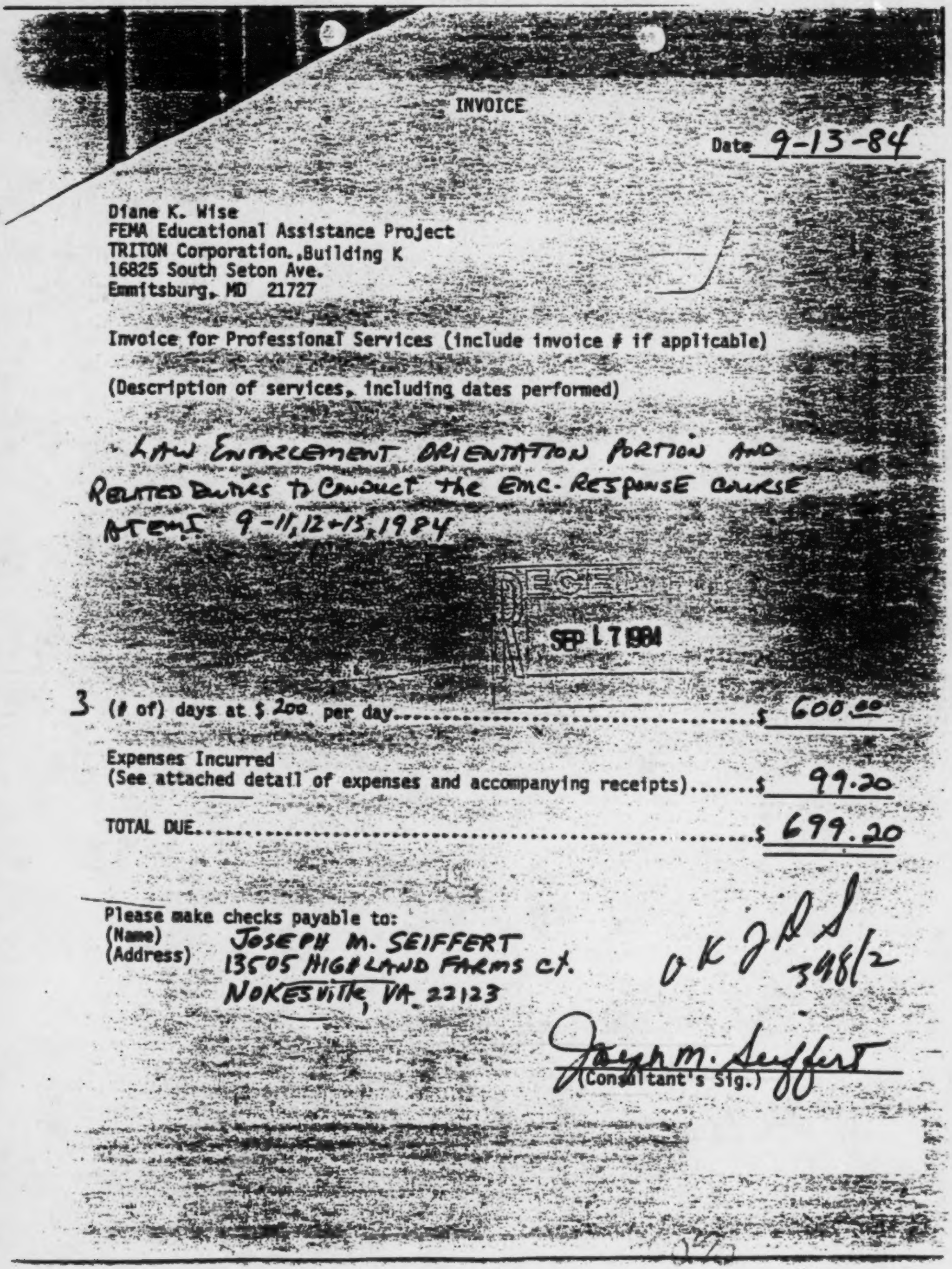
TOTAL DUE .... $ 916.40

Please make checks payable to:
(Name)
(Address)
Lawrence [illegible]
P.O. Box 5
Stillwater Ok.
74076

OK 9/18 398/2

Lawrence [illegible]
(Consultant's Sig.)

[redacted]



INVOICE

Date 9-13-84

Diane K. Wise
FEMA Educational Assistance Project
TRITON Corporation.,Building K
16825 South Seton Ave.
Emmitsburg, MD 21727

Invoice for Professional Services (include invoice # if applicable)

(Description of services, including dates performed)

- LAW ENFORCEMENT ORIENTATION PORTION AND RELATED DUTIES TO CONDUCT THE EMC-RESPONSE COURSE AT EMI 9-11,12+13,1984

SEP 17 1984

3 (# of) days at $ 200 per day.......................................$ 600.00

Expenses Incurred
(See attached detail of expenses and accompanying receipts).......$ 99.20

TOTAL DUE...$ 699.20

Please make checks payable to:
(Name) JOSEPH M. SEIFFERT
(Address) 13505 HIGHLAND FARMS CT.
NOKESVILLE, VA 22123

OK JDS 3/18/2

Joseph M. Seiffert
(Consultant's Sig.)

INVOICE

Date 9-13-84

Diane K. Wise
FEMA Educational Assistance Project
TRITON Corporation.,Building K
16825 South Seton Ave.
Emmitsburg, MD 21727

Invoice for Professional Services (include invoice # if applicable)

(Description of services, including dates performed)

TO DELIVER EMS PRESENTATION BEFORE THE IEMC SEPT. 11, 1984; AND TO PARTICIPATE IN THE EXERCISE CONTROL ROOM ON SEPT 13, 1984

SEP 17 1984

4 (# of) days at $200. per day..........$ 800.00

Expenses Incurred
(See attached detail of expenses and accompanying receipts).......$ 112.00

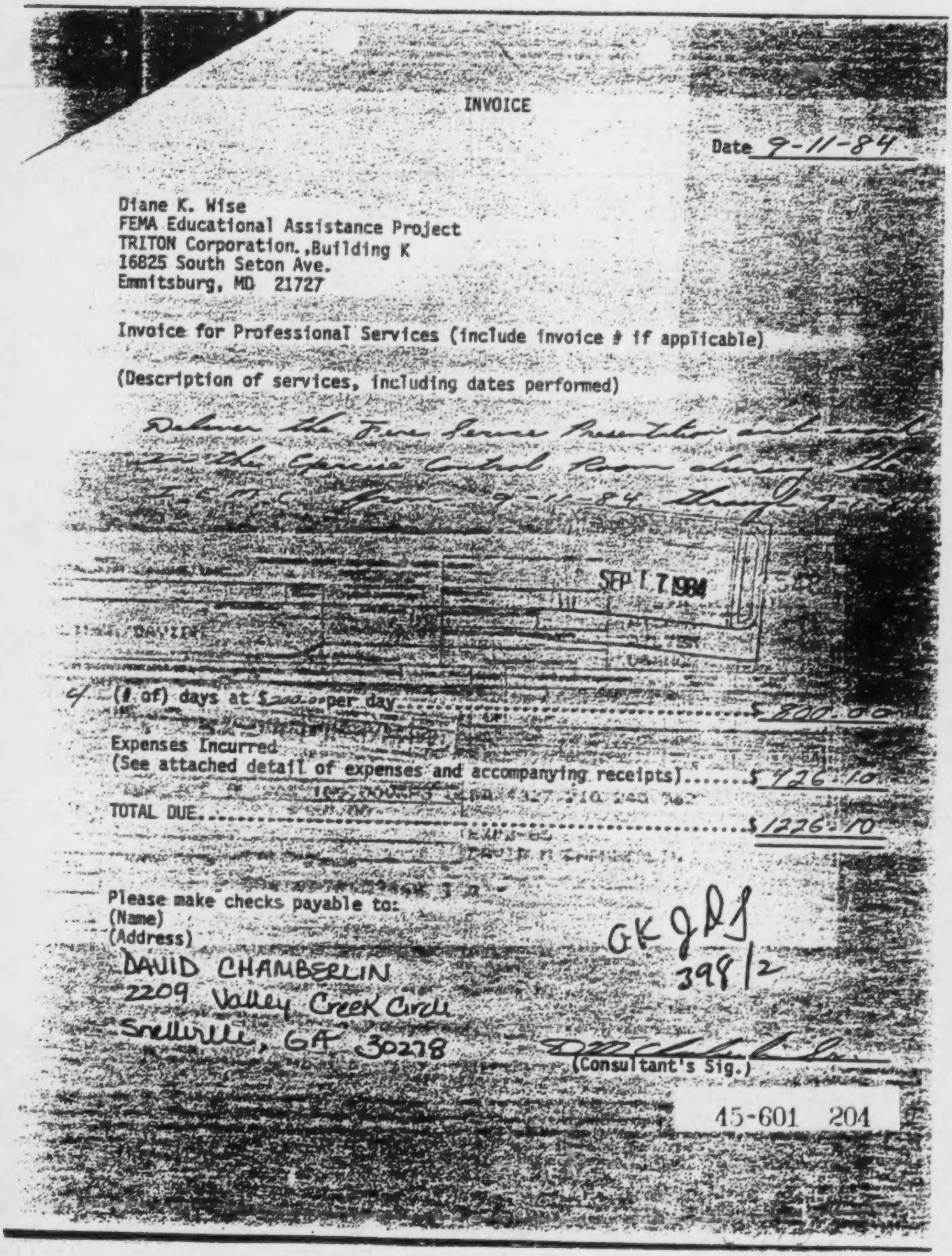
TOTAL DUE..........$ 912.00

GKJ 39812

Please make checks payable to:
(Name)
(Address)

ETTORE CASTELLENTE
P.O. BOX 33026
PHILA, PA 19142

(Consultant's Sig.)



INVOICE

Date 9-11-84

Diane K. Wise
FEMA Educational Assistance Project
TRITON Corporation.,Building K
16825 South Seton Ave.
Emmitsburg, MD 21727

Invoice for Professional Services (include invoice # if applicable)

(Description of services, including dates performed)

Deliver the Fire Service Presentation and work in the Operations Control Room during the I.E.M.C. from 9-11-84 through 9-1[illegible]

SEP 17 1984

4 (# of) days at $200.00 per day $800.00

Expenses Incurred
(See attached detail of expenses and accompanying receipts) $426.10

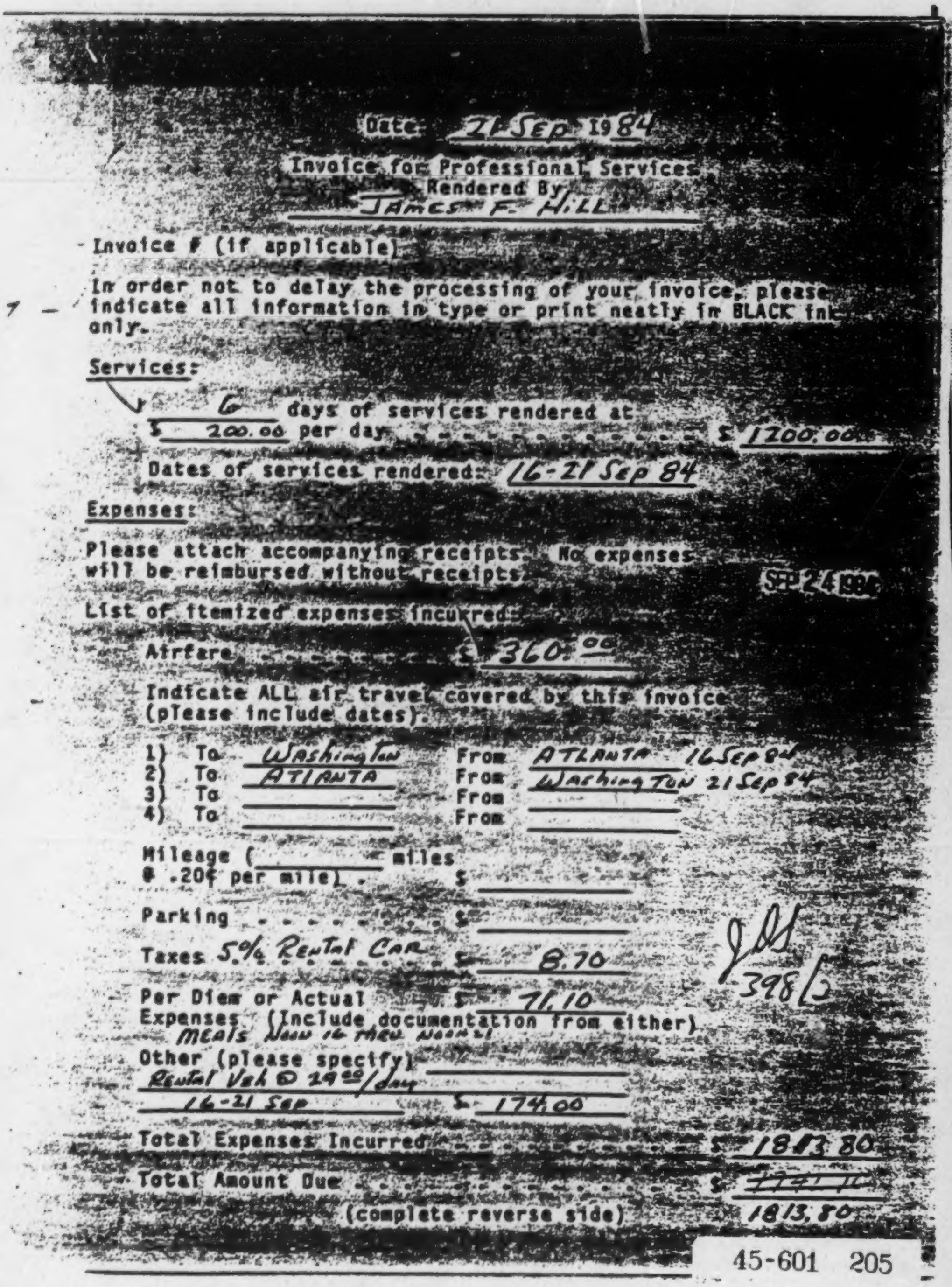
TOTAL DUE $1226.10

Please make checks payable to:
(Name)
(Address)

DAVID CHAMBERLIN
2209 Valley Creek Circle
Snellville, GA 30278

GK JRJ
398/2

(Consultant's Sig.)



Date: 21 Sep 1984

Invoice for Professional Services
Rendered By
JAMES F. HILL

Invoice # (if applicable)

In order not to delay the processing of your invoice, please indicate all information in type or print neatly in BLACK ink only.

Services:

6 days of services rendered at
$ 200.00 per day . . . . $ 1200.00

Dates of services rendered: 16-21 Sep 84

Expenses:

Please attach accompanying receipts. No expenses will be reimbursed without receipts.

SEP 24 1984

List of itemized expenses incurred:

Airfare $ 360.00

Indicate ALL air travel covered by this invoice (please include dates).

1) To Washington From ATLANTA 16 Sep 84
2) To ATLANTA From Washington 21 Sep 84
3) To ________ From ________
4) To ________ From ________

Mileage (________ miles
@ .20¢ per mile) . $ ________

Parking . . . . $ ________

Taxes 5% Rental Car . . . $ 8.70

Per Diem or Actual $ 71.10
Expenses (Include documentation from either)
MEALS Noon 16 thru Noon 21

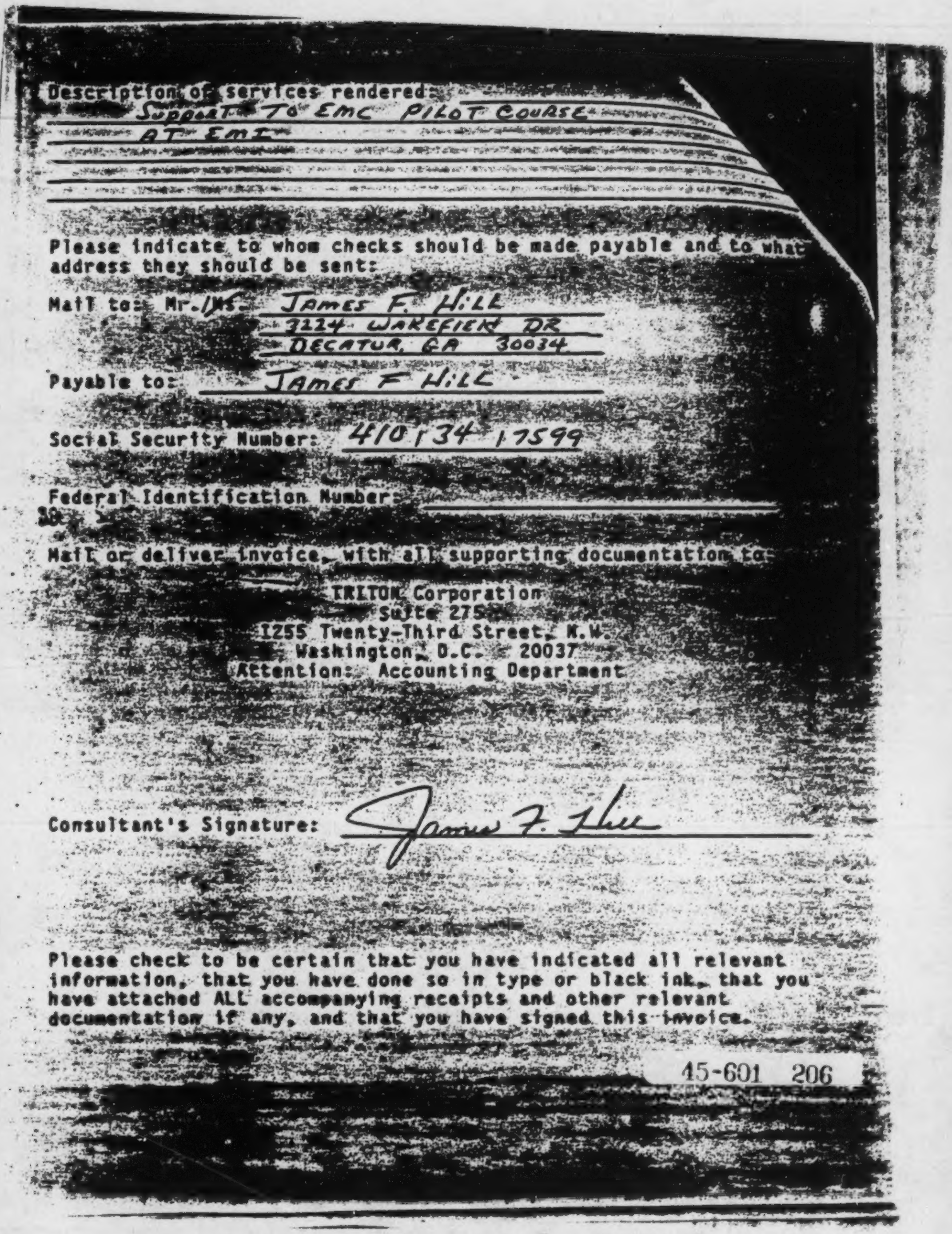
Other (please specify) ________
Rental Veh @ 29.00/day
16-21 Sep $ 174.00

398

Total Expenses Incurred . . . . . . $ 1813.80

Total Amount Due . . . . $ ~~[illegible]~~
1813.80

(complete reverse side)



Description of services rendered:
SUPPORT TO EMC PILOT COURSE
AT EMI

Please indicate to whom checks should be made payable and to what address they should be sent:

Mail to: Mr./~~Ms.~~ JAMES F. HILL
3224 WAKEFIELD DR
DECATUR, GA 30034

Payable to: JAMES F HILL

Social Security Number: 410-34-7599

Federal Identification Number: __________

Mail or deliver invoice, with all supporting documentation to:

TRITON Corporation
Suite 275
1255 Twenty-Third Street, N.W.
Washington, D.C. 20037
Attention: Accounting Department

Consultant's Signature: James F. Hill

Please check to be certain that you have indicated all relevant information, that you have done so in type or black ink, that you have attached ALL accompanying receipts and other relevant documentation if any, and that you have signed this invoice.

Description of services rendered: Preparation and instruction of pilot course in National Security.

Please indicate to whom checks should be made payable and to what address they should be sent:

Mail to: Mr./~~Ms.~~ Douglas FORBES
c/o MCDA - Box 1446
900 Worcester Rd
Framingham, Ma. 01701

Payable to: Douglas Forbes

Social Security Number: 018 120 13054

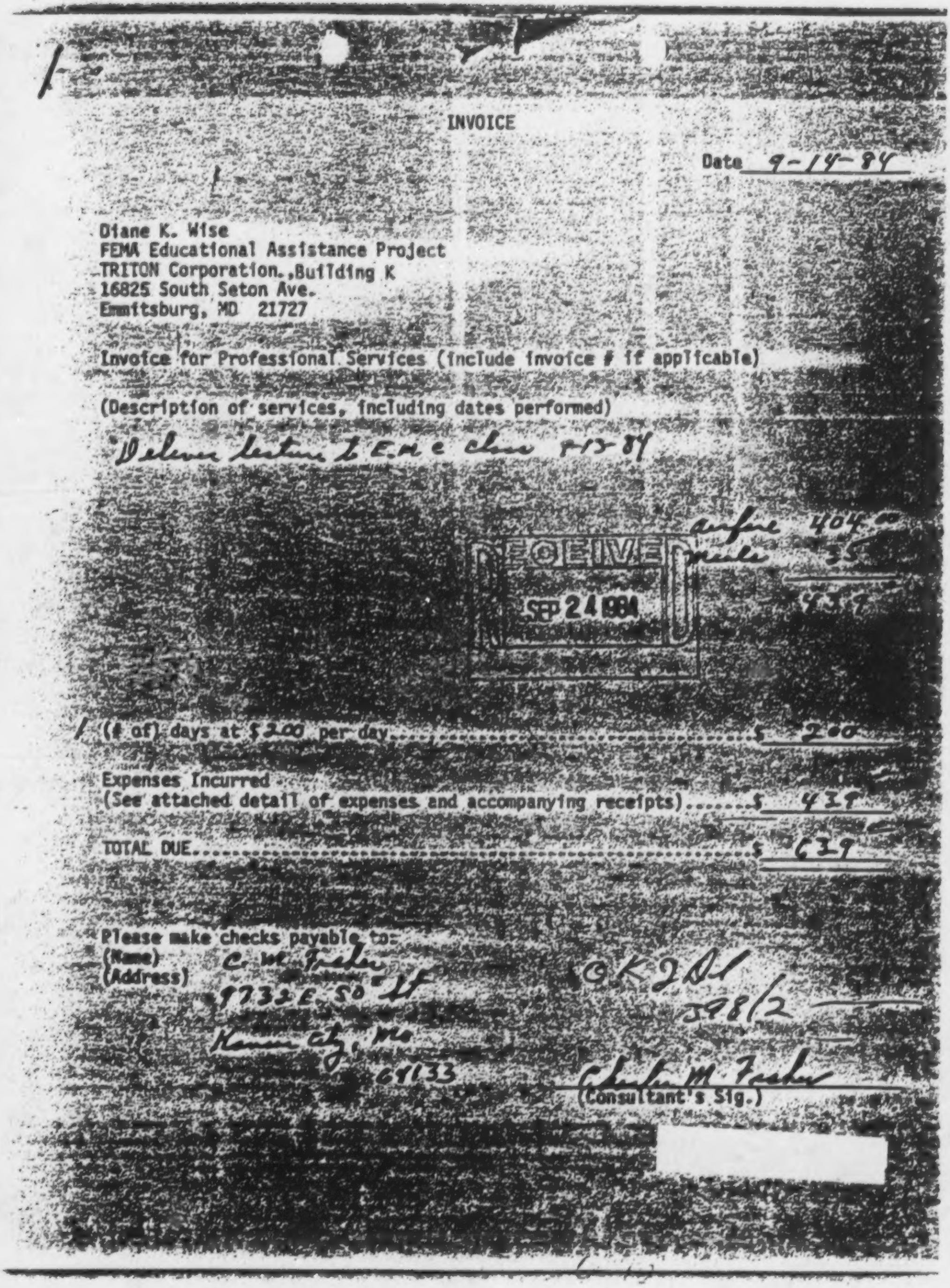
Federal Identification Number:

Mail or deliver invoice, with all supporting documentation to:

TRITON Corporation
Suite 275
1255 Twenty-Third Street, N.W.
Washington, D.C. 20037
Attention: Accounting Department

Consultant's Signature:

Please check to be certain that you have indicated all relevant information, that you have done so in type or black ink, that you have attached ALL accompanying receipts and other relevant documentation if any, and that you have signed this invoice.



INVOICE

Date 9-14-84

Diane K. Wise
FEMA Educational Assistance Project
TRITON Corporation.,Building K
16825 South Seton Ave.
Emmitsburg, MD 21727

Invoice for Professional Services (include invoice # if applicable)

(Description of services, including dates performed)

Deliver lecture to E.M.C class 8-13-84

RECEIVED
SEP 24 1984

airfare	404.00
meals	35
	439

1 (# of) days at $200 per day.......................................$ 200

Expenses Incurred
(See attached detail of expenses and accompanying receipts).......$ 439

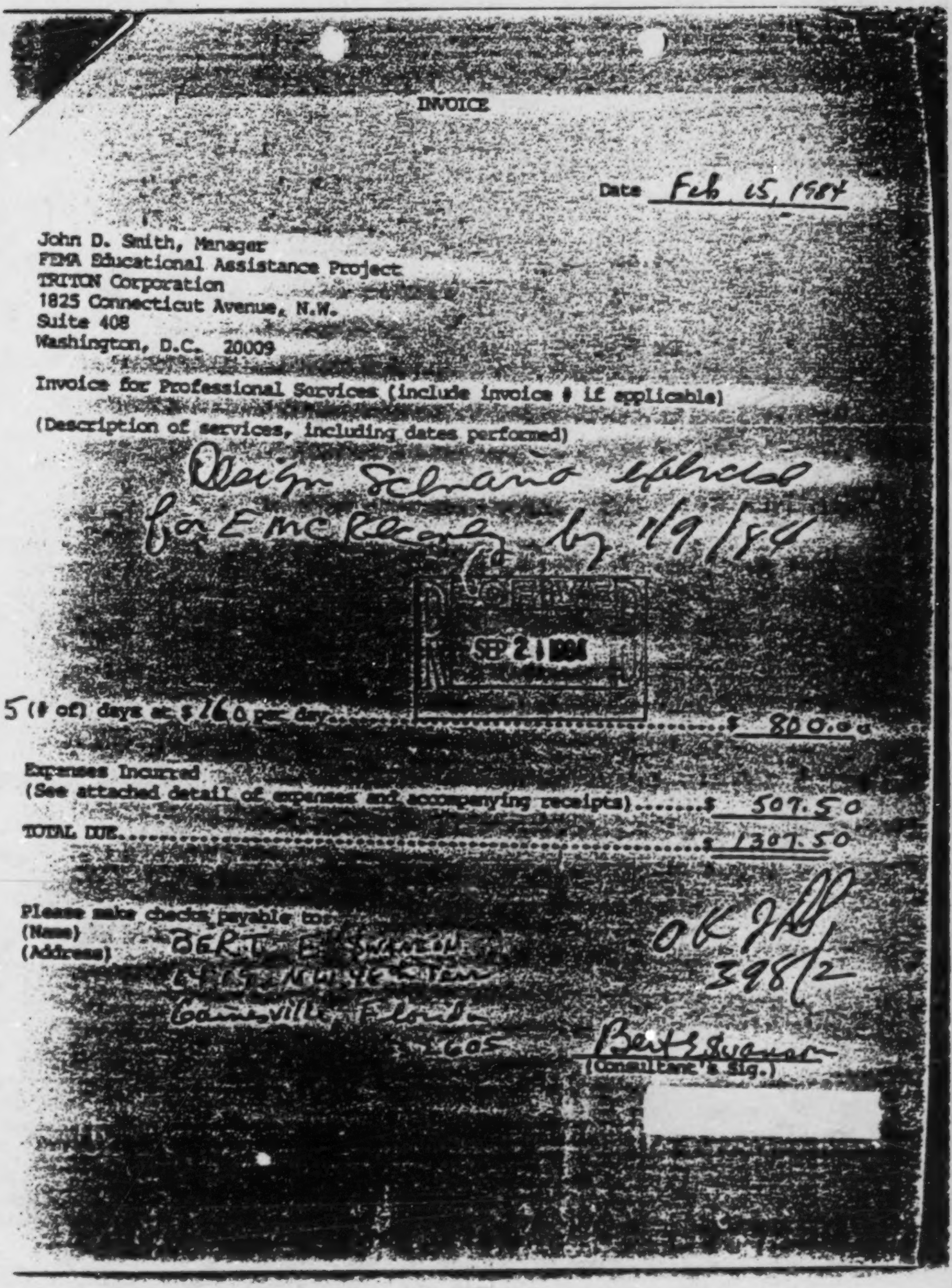
TOTAL DUE...$ 639

Please make checks payable to:
(Name) C. M. Fraker
(Address) 9732 E. 50 St
Kansas City, Mo
64133

OK JDL
598/2

Charles M. Fraker
(Consultant's Sig.)

[redacted]



INVOICE

Date Feb 15, 1984

John D. Smith, Manager
FEMA Educational Assistance Project
TRITON Corporation
1825 Connecticut Avenue, N.W.
Suite 408
Washington, D.C. 20009

Invoice for Professional Services (include invoice # if applicable)

(Description of services, including dates performed)

Design Schema [illegible]
for EMC [illegible] by 1/9/84

RECEIVED
SEP 21 1984

5 (# of) days at $160 per day..............................$ 800.00

Expenses Incurred
(See attached detail of expenses and accompanying receipts).......$ 507.50

TOTAL DUE..............................$ 1307.50

Please make checks payable to:
(Name) BERT E. SWANSON
(Address) [illegible] NW 46th Terr
Gainesville, Florida
[illegible]605

OK [illegible]
398/2

Bert E Swanson
(Consultant's Sig.)

[redacted]

Paym[illegible]

Date: Sept. 7 1984

Invoice for Professional Services
Rendered By
Allen K. Settle, Ph.D.

Invoice # (if applicable)

In order not to delay the processing of your invoice, please indicate all information in type or print neatly in BLACK ink only.

Services:

6 days of services rendered at
$ 242.75 per day . . . . $ 1,456.50

Dates of services rendered: 9/7 thru 9/14

Expenses:

Please attach accompanying receipts. No expenses will be reimbursed without receipts.

List of itemized expenses incurred: No expenses incurred.

Airfare . . . . $ __________

SEP 17 1984

Indicate ALL air travel covered by this invoice (please include dates).

1) To __________ From __________
2) To __________ From __________
3) To __________ From __________
4) To __________ From __________

Mileage (________ miles
@ .20¢ per mile) . $ 0

Parking . . . . $ 0

Taxes . . . . $ 0

Per Diem or Actual $ 0
Expenses (Include documentation from either)

Other (please specify) none
____
__________ $ __________

545/10

Total Expenses Incurred . . . . $ 0

Total Amount Due . . . . $ 1,456.50

(complete reverse side)

Description of services rendered: Complete the conference report/proceedings on the conference entitled [redacted]--copy sent to John Smith of Triton. Revise conference report on Public Administration and Emergency management as requested by Paul Watson, Dir. of SEPC. Prepare details for September 12-14 conference on Media Relations in Emergency Management. Talked with Susan Tubbesing, Natural Hazards Information Center at the University of Colorado, Boulder on having panels on media, legal, economic issues in emergency management at the next Boulder conference.

Please indicate to whom checks should be made payable and to what address they should be sent:

Mail to: Mr./Ms. Allen K. Settle
Dept. of Pol. Science and Public Adm.
California State University
San Luis Obispo, California 93407

Payable to: Allen K. Settle

Social Security Number: 573 / 58 / 1476

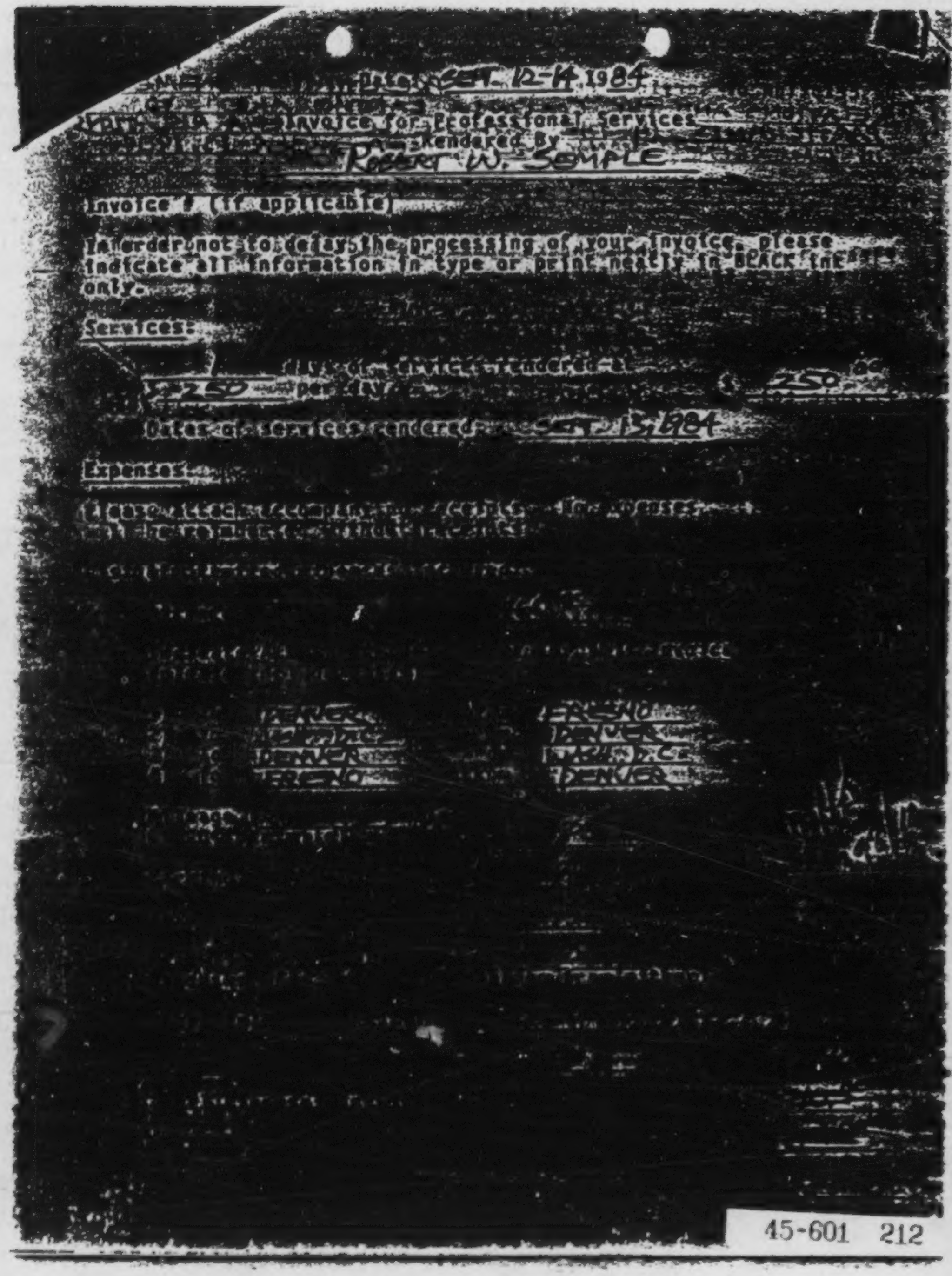
Federal Identification Number: —

Mail or deliver invoice, with all supporting documentation to:

TRITON Corporation
Suite 275
1255 Twenty-Third Street, N.W.
Washington, D.C. 20037
Attention: Accounting Department

Consultant's Signature: Allen K Settle

Please check to be certain that you have indicated all relevant information, that you have done so in type or black ink, that you have attached ALL accompanying receipts and other relevant documentation if any, and that you have signed this invoice.



Date: SEPT. 12-14 1984

Invoice for Professional Services

Rendered By ROBERT W. SEMPLE

Invoice # (if applicable)

In order not to delay the processing of your invoice, please indicate all information in type or print neatly in BLACK ink only.

Services:

1 days of services rendered at $250 per day $ 250.00

Dates of services rendered: SEPT 13, 1984

Expenses:

DENVER	FRESNO
WASH DC	DENVER
DENVER	WASH DC
FRESNO	DENVER

Task 2

INVOICE

Date 5/16

Diane K. Wise
FEMA Educational Assistance Project
TRITON Corporation.,Building K
16825 South Seton Ave.
Emmitsburg, MD 21727

Invoice for Professional Services (include invoice # if applicable)

(Description of services, including dates performed)

Graduate Seminar 5/5-16

(# of) 2 days at $150 per day...$ 300.00

Expenses Incurred
(See attached detail of expenses and accompanying receipts).......$

TOTAL DUE...$ 300.00

398/3 JA

Please make checks payable to:
(Name)
(Address)
F.B. Dunphy
14511 SW 16 ST.
Davie FLA 33325.

F.B. Dunphy
(Consultant's Sig.)

Task 4

Date: 12 Sept. 1984

Invoice for Professional Services
Rendered By
David W. Miller

Invoice # (if applicable)

In order not to delay the processing of your invoice, please indicate all information in type or print neatly in BLACK ink only.

Services:

11 days of services rendered at
$ 250 per day . . . . $ 2750

Dates of services rendered: 7/17-8/28

Expenses:

Please attach accompanying receipts. No expenses will be reimbursed without receipts.

List of itemized expenses incurred:

Airfare . . . . $ —

Indicate ALL air travel covered by this invoice (please include dates).

1) To ______ From ______
2) To ______ From ______
3) To ______ From ______
4) To ______ From ______

SEP 24 1984

Mileage (248 miles
@ .20¢ per mile) . $ 49.60

Parking . . . . $ 16.00

Taxes . . . . $ ______

Per Diem or Actual $ ______
Expenses (Include documentation from either)

OK [illegible]
398/4

Other (please specify) [illegible] = $14.28;
[illegible] ([illegible])
[illegible] = $52.35 $ 66.63

Total Expenses Incurred . . . . $ 132.23

Total Amount Due . . . . $ 2882.23

(complete reverse side)

Description of services rendered: DEVELOPMENT OF TRAINING MATERIALS FOR FEDERAL COORDINATING OFFICERS (FEMA) WORKSHOP SCHEDULED 10/29 - 11/1

Please indicate to whom checks should be made payable and to what address they should be sent:

Mail to: Mr./Ms. DAVID W. MILLER
11408 EDWARD DR.
KENSINGTON, MD 20895

Payable to: DAVID W. MILLER

Social Security Number: 567 / 40 / 4839

Federal Identification Number: ____________________

Mail or deliver invoice, with all supporting documentation to:

TRITON Corporation
Suite 275
1255 Twenty-Third Street, N.W.
Washington, D.C. 20037
Attention: Accounting Department

Consultant's Signature: David W. Miller

Please check to be certain that you have indicated all relevant information, that you have done so in type or black ink, that you have attached ALL accompanying receipts and other relevant documentation if any, and that you have signed this invoice.

UNIVERSITY OF LOWELL
RESEARCH FOUNDATION
450 AIKEN STREET
LOWELL, MASSACHUSETTS
01854

Invoice No. 007
Date August 31, 1984
ULRF No. 14-3886

TRITON Corporation
1255 23rd St. N.W.
Suite 275
Washington, DC 20037

ok J.D.S 3,16/4

Invoice for Professional Services

Expenses Incurred during period July 1, 1984 to July 31, 1984
(see attached detail of expenses)

....$ 14,936.81

TOTAL DUE .... $ 14,936.81

Please make checks payable to:
University of Lowell Research Foundation
450 Aiken Street
Lowell, MA 01854

SEP 18 1984

OF LOWELL
CH FOUNDATION
450 Aiken Street
Lowell, Massachusetts
01854

TRITON Corporation

Summary of Expenditures
Supportive of Reimbursement Claim

Expenditure Category	Amount Claimed Previously	Amount Claimed This Period	Cumulative Total
Direct Labor	43,045.90	7,036.56	50,082.46
Consultants	2,018.75	—	2,018.75
Materials & Suppl.	4,004.27	1,801.79	5,806.06
Travel	2,626.94	—	2,626.94
Telephone	1,138.36	—	1,138.36
Computer Costs	4,200.96	—	4,200.96
Overhead	39,354.27	6,098.46	45,452.73
TOTAL AMOUNTS CLAIMED	96,389.45	14,936.81	111,326.26

$7485.55 is
all we should pay
That takes us up $103,875,
which was total of K amt
J.L.

J. Larin, Finance Officer

Wright Water Engineers, Inc.

2490 West 26th Ave., Suite 55 A
Denver, Colorado 80211
(303) 480-1700

August 24, 1984

Mr. Dan Barbee
16875 South Seton Avenue
Emmitsburg, MD 21727

SEP 1 1 1984

STATEMENT

Engineering services for July, 1984 regarding travel expenses and printing expenses associated with trip to Emmitsburg, Pennsylvania not previously billed.

Labor Expense			
Sr. Water Engineer II Curtis Chandler	1 hr. @ 23.63	$ 23.63	
	Total Labor Expense	$ 23.63	
	Overhead @ 248.44%		$ 58.71
Direct Expense			
Travel		150.00	
Printing		34.50	
Postage		6.06	
Telephone		13.91	
Administrative Fee of 5%		10.22	
	Total Direct Expense		214.69
	Total		$273.40

Total Agreed Amount	$4,928.36
Less Previous Billing	4,704.24
AMOUNT DUE THIS STATEMENT	$ 224.12
Balance Due from Statement Dated 7/31/84	4,704.24
TOTAL AMOUNT DUE	$4,928.36

39814
ok jdl

WRIGHT WATER ENGINEERS, INC.

By Kenneth R. Wright
Kenneth R. Wright

841-042.000 Fee 19.65 Re 204.47

Task 10

Duplicate to 7

TRITON CORP

Margaret S. Jennings
6373 Barefoot Boy
Columbia, Maryland 21045

INVOICE

TO: ~~Senior Executive Policy Center~~
~~Office of Programs and Academics~~
~~National Emergency Training Center~~
~~Emmitsburg, Maryland 21727~~

For: Editorial work--summarizing the proceedings of the conference on "Planning for and Dealing with the Consequences of Terrorism in the Local Community: An International Perspective"

27.5 hours @ $15 $412.50

Work performed June 21 - July 1, 1984

Margaret S. Jennings

Margaret S. Jennings
Social Security #: 127-42-8126

OK 398/10

Description of servi es rendered: PRESENTATION ON RELATIONS AND THE COALINGA EARTHQUAKE", TO PARTICIPANTS IN THE CONFERENCE – MEDIA RELATI IN EMERGENCY MANAGEMENT, SEPTEMBER 13, 1984.

Please indicate to whom checks should be made payable and to what address they should be sent:

Mail to: Mr./[redacted] ROBERT W. SEMPLE
284 LINCOLN
COALINGA, CA 93210

Payable to: ROBERT W. SEMPLE

SEP 17 1984

Social Security Number: 551 / 72 / 7825

Federal Identification Number: N.A.

Mail or deliver invoice, with all supporting documentation to:

TRITON Corporation
Suite 275
1255 Twenty-Third Street, N.W.
Washington, D.C. 20037
Attention: Accounting Department

Consultant's Signature: Robert W. Semple

Please check to be certain that you have indicated all relevant information, that you have done so in type or black ink, that you have attached ALL accompanying receipts and other relevant documentation if any, and that you have signed this invoice.

Date: 7/13 1984

Invoice for Professional Services
Rendered By
Mike Buchanan

Invoice # (if applicable)

In order not to delay the processing of your invoice, please indicate all information in type or print neatly in BLACK ink only.

Services:

ONE days of services rendered at
$250.00 per day . . . . $ 250.00

Dates of services rendered: 9/13/84

Expenses:

Please attach accompanying receipts. No expenses will be reimbursed without receipts.

List of itemized expenses incurred:

SEP 17 1984

Airfare . . . . $ ________

Indicate ALL air travel covered by this invoice (please include dates).

1) To ________ From ________
2) To ________ From ________
3) To ________ From ________
4) To ________ From ________

Mileage (70 miles
@ .20¢ per mile) . $ 14.00

Parking . . . . $ ________

Taxes . . . . $ ________

ok [illegible]
398/10

Per Diem or Actual $ ________
Expenses (Include documentation from either)

Other (please specify) 3.25 ([illegible])

________ $ ________

Total Expenses Incurred . . . . $ ________

Total Amount Due . . . . $ 267.25

(complete reverse side)

Description of services rendered: EMW-84-C-1543

CONSULTANT - EDUCATIONAL ASST.

PROJ. — NATL. EMERG. TRAINING CENTER

Please indicate to whom checks should be made payable and to what address they should be sent:

Mail to: Mr. ~~Ms.~~ MIKE Buchanan INC.
19013 HARKNESS LANE
GAITHERSBURG, MD 20879

Payable to:

Social Security Number: 357 , 34, 2119

Federal Identification Number:

Mail or deliver invoice, with all supporting documentation to:

TRITON Corporation
Suite 275
1255 Twenty-Third Street, N.W.
Washington, D.C. 20037
Attention: Accounting Department

Consultant's Signature: Mike Buchanan

Please check to be certain that you have indicated all relevant information, that you have done so in type or black ink, that you have attached ALL accompanying receipts and other relevant documentation if any, and that you have signed this invoice.

AMCOM MEDIA, INC.
Management and Public Affairs Consultants

September 20, 1984

Triton Corporation
Suite 275
1255 23rd Street, N.W.
Washington, D.C. 20037

Attention: Bridgett Baumgartner

For professional services rendered
September 1-30, 1984

Re FEMA Contract #EMW-C-84-1543

14 days @ $250.00 re Task #10 1 day @ $250.00 re Task # 3		$ 3,750.00
Prior Account Balance on August 31, 1984		$19,689.31
Disbursements:		
Long distance telephone	$ 52.42	
Mileage (Fred-Wash-Fred)	20.00	
		72.42
Total Due:		$23,511.73

o/c

OK
398

$3500· #10
$250 #3

SEP 24 1984

Suite 1000, 1100 17th Street, N.W., Washington, D.C. 20036 Telephone (202) 223-2686 Telex 89-2580

Date: September 17 19 84

Invoice for Professional Services
Rendered By
Alexander M. Hunter

Invoice # (if applicable)

In order not to delay the processing of your invoice, please indicate all information in type or print neatly in BLACK ink only.

Services:

1 days of services rendered at
$ 250.00 per day . . . . $ 250.00

Dates of services rendered: 8/2/84

Expenses:

Please attach accompanying receipts. No expenses will be reimbursed without receipts.

List of itemized expenses incurred:

SEP 21 1984

Airfare . . . . $

Indicate ALL air travel covered by this invoice (please include dates).

1) To ______ From ______
2) To ______ From ______
3) To ______ From ______
4) To ______ From ______

Mileage (70 miles @ .20¢ per mile) . $ 14.00 to and from Stapleton Airport

Parking . . . . $

Taxes . . . . $

Per Diem or Actual Expenses (Include documentation from either) $

OK 398/10

Other (please specify) ______
______ $ ______

Total Expenses Incurred . . . . $

Total Amount Due . . . . $ 264.00

(complete reverse side)

Date: Sept. 13, 1984

Invoice for Professional Services
Rendered By
William G. Chrystal

Invoice # (if applicable)

In order not to delay the processing of your invoice, please indicate all information in type or print neatly in BLACK ink only.

Services:

1 days of services rendered at
$______ per day . . . . $ 160

Dates of services rendered: 8/23/84

Expenses:

Please attach accompanying receipts. No expenses will be reimbursed without receipts.

List of itemized expenses incurred:

Airfare . . . . $ ______

Indicate ALL air travel covered by this invoice (please include dates).

1) To ______ From ______
2) To ______ From ______
3) To ______ From ______
4) To ______ From ______

Mileage (140 miles
@ .20¢ per mile) . $ $28.00

Parking . . . . $ ______

Taxes . . . . $ ______

Per Diem or Actual $ ______
Expenses (Include documentation from either)

JdS
398/10

Other (please specify) ______
______
______ $ ______

Total Expenses Incurred . . . . $ 28.00

Total Amount Due . . . . $ 188.00

(complete reverse side)

Description of services rendered: Foreman of panel on "Governmental and Personal Liability in Emergency Management" at FEMA conference.

Please indicate to whom checks should be made payable and to what address they should be sent:

Mail to: Mr./Ms. Alexander M. Hunter
P. O. Box 1410
Boulder, CO 80306

Payable to: Alexander M. Hunter

Social Security Number: 116 / 28 / 3542

Federal Identification Number:

Mail or deliver invoice, with all supporting documentation to:

TRITON Corporation
Suite 275
1255 Twenty-Third Street, N.W.
Washington, D.C. 20037
Attention: Accounting Department

Consultant's Signature:

Please check to be certain that you have indicated all relevant information, that you have done so in type or black ink, that you have attached ALL accompanying receipts and other relevant documentation if any, and that you have signed this invoice.

Description of services rendered: Edit / rewrite portions of NASDLET Policy Conference

Please indicate to whom checks should be made payable and to what address they should be sent:

Mail to: [✓ Mr]/Ms. William Chrystal
5605 Mountville Rd.
Adamstown, MD 21710

Payable to: William G. Chrystal

Social Security Number: 539 / 44 / 5293

Federal Identification Number: ______________________

Mail or deliver invoice, with all supporting documentation to:

TRITON Corporation
Suite 275
1255 Twenty-Third Street, N.W.
Washington, D.C. 20037
Attention: Accounting Department

Consultant's Signature: ______________________

Please check to be certain that you have indicated all relevant information, that you have done so in type or black ink, that you have attached ALL accompanying receipts and other relevant documentation if any, and that you have signed this invoice.

Mr. **Volkmer**. The subcommittee will come to order.

The Chair will recognize the gentleman from Ohio.

Mr. **Traficant**. Thank you, Mr. Chairman.

Many of the people here may know I am new, and I more or less just heard of the revelations relative to FEMA in the last several weeks. One of the things I am concerned about is that as I have looked through a lot of these allegations and listened to the different dialog, my first opinion is, you have been treated relatively easy by this committee.

While I understand that not all issues, certainly those at Triton, can be brought today and be asked of you, Mr. Giuffrida—the buck stops at the top. And there are questions that are going to have to be posed to you and sooner or later someone is going to have to say if you cannot stand the heat you are going to have to get from the kitchen.

Specifically, my line of questioning, sir, deals with the specific employ of that agency in a quite sensitive area. And perhaps maybe I should be talking and addressing a few of the staff here.

Mr. Morris, are you familiar, sir, with Frank Silver?

Mr. **Morris**. Yes.

Mr. **Traficant**. First of all, Mr. Morris, what exactly is your position and would you explain that briefly as to how much of a say you have within the structure of FEMA?

Mr. **Morris**. My position is that of Deputy Director of the Agency. I have by legislation no assigned duties. They are duties that are assigned to me by the Director.

Mr. **Traficant**. Are you familiar with Mr. Frank Silver?

Mr. **Morris**. Yes.

Mr. **Traficant**. Were you aware of his appointment?

Mr. **Morris**. I have been with the agency for 15 months. I was not aware of a Mr. Silver until, oh, some time in the middle of the summer, last summer.

Mr. **Traficant**. The line of questioning I have, then, Mr. Giuffrida, perhaps may be more appropriately asked of Mr. Martin.

Did your agency conduct an investigation into the background of this Frank Silver, Mr. Martin.

Mr. **Martin**. Yes, we did.

Mr. **Traficant**. And what did that investigation bring forth?

Mr. **Martin**. Among some things, the fact that he had been convicted of fraud some time in 1977 or thereabouts.

Mr. **Giuffrida**. Mr. Traficant, the investigation of Mr. Silver, the background investigation was done by the Department of Justice and by GSA.

Mr. **Traficant**. Yes, I know that. And what was the date of that?

Mr. **Giuffrida**. Well, you correctly said that ultimately the buck stops at the top. And——

Mr. **Traficant**. Do you have the date, sir, of when that went forward?

Mr. **Giuffrida**. No, but I can quickly provide that for the record.

Mr. **Traficant**. Would you let Mr. Martin go forward, if he can give us those dates.

Mr. **Martin**. I cannot. It was some time in 1977 that the incident happened. Clearance was requested sometime in 1981-83, I guess. And it was sent upstairs for a determination, the fact that he had been convicted and he had made restitution, and he had been reinstated by the Civil Service Commission—that this was not detrimental to the position he was holding and we determined it was not. It was not a job-related sort of thing.

Mr. **Traficant**. Who ultimately made the recommendation for the hiring of Mr. Silver?

Mr. **Martin**. We did not hire Mr. Silver. Mr. Silver was with FEMA in 1981 when we came.

Mr. **Traficant**. Who appointed him at that particular position?

Mr. **Martin**. He is not the Chief of Security, Congressman. And he never was. He was detailed to Security.

Mr. **Traficant**. Let me say from what I understand from my records is that he had pleaded guilty to those acts and was sentenced to a Federal penitentiary for those crimes.

Mr. **Martin**. I am not sure whether he pleaded guilty or was found guilty. He did 6 months, made restitution, they released him. The Civil Service Commission reinstated him into Civil Service. When we arrived at FEMA he was there and in place.

Mr. **Traficant**. The information that I have, Mr. Martin, and I will now direct this to Mr. Giuffrida.

Silver was arrested on March 4, 1977, pleaded guilty and was sentended on May 12, 1977. He served a 5-month jail term in Allenwood Federal Prison from May 12 to October 12, 1977, and was on probation for 5 years.

This is amidst a number of other items. One of the points I am trying to figure out—we talked about allegations. And I very much so concur with you in that particular area, Mr. Giuffrida.

An allegation is just that. But if there is a felony, as you said, then that involves a whole other ball game, if I can perhaps use some terms. Here is an individual convicted of such, pleaded guilty as such, and was ultimately appointed to that sensitive position within your agency.

Now I ask you, sir, what happened to Mr. Silver. Could you tell me?

Mr. **Giuffrida**. I don't know what you mean by "what happened." Mr. Silver, as Mr. Martin has just articulated, had been cleared by the process established by the Government to deal with cases such as his. He was already an employee when he came there.

His reinstatement to a full productive status was in complete consonance with the justice that we are talking about. He was not ever selected to be the head of Security. He was one of the bodies in the security business.

Nothing in his duties in the security office have anything to do with any funds or anything of that sort. In my judgment it was and continues to be a proper and effective use of manpower to do the business of the Government.

Mr. **Traficant**. Let me ask you this.

Who cleared Mr. Silver of this top security position?

Mr. **Giuffrida**. I don't know what you mean "who cleared him of it."

Mr. **Traficant**. Who gave him the top secret clearance approval from your agency?

Mr. **Martin**. I did that. I recommended, that top secret be provided to him.

Mr. **Traficant**. Mr. Giuffrida, were you aware of the dynamics surrounding this individual when the matter came before you?

Mr. **Giuffrida**. Yes, I was.

Mr. **Traficant**. Was this because of an internal agency discussion or investigation relative to this position and this placement?

Mr. **Giuffrida**. Clearly it was. And everybody who came to speak of Mr. Silver and the way he should be fitted into the Agency's operations recommended that the clearance be granted and that he would be put in the job where he went.

Mr. **Traficant**. Mr. Giuffrida, your agency has a very important national security mission, does it not?

Mr. **Giuffrida**. Indeed it does.

Mr. **Traficant**. In that regard, you are responsible for a number of highly classified, highly sensitive missions that are essential to the Nation's security; is that right?

Mr. **Giuffrida**. That is absolutely correct.

Mr. **Traficant**. According to the documents obtained by the subcommittee, this individual clearly, who held this top secret security clearance, was a convicted felon.

Mr. **Giuffrida**. He holds the clearance.

Mr. **Traficant**. Do you know what bothers me very much? Unless I am mistaken, you come from a law enforcement background; do you not?

Mr. **Giuffrida**. I do, indeed.

Mr. **Traficant**. You among others should be sensitive to the proprieties of this type of a situation, should you not?

Mr. **Giuffrida**. I am, I should be, and I have been, and shall continue to be, precisely that.

Mr. **Traficant**. Is there any wonder why the allegations that are being discussed seem to smack of so much problems. And the question I have, being new, is basically this. If you are to handle disasters, sir, I am wondering if not, in fact, FEMA has become a disaster and who is to handle that?

Mr. **Giuffrida**. Mr. Traficant, I find that one of the most difficult parts of doing a difficult job is to face people, money, and the places to fit them into the operation. It is true that you don't know much about FEMA.

I would offer at this time to send a staff to your office and brief you in detail on all of the myriad of things that FEMA does. As to FEMA's national security missions, those are strictly severely and closely compartmented.

Mr. Silver is not compartmented into any of FEMA's national security missions.

Furthermore, sir, the security system, personnel, ABSEC document security, COM security and everything else FEMA has established has become, in fact, among the national security cognoscente, the role model. I assure you that not just I, but everyone is particularly sensitive. That has been the focal of all of our efforts.

I see nothing in Mr. Silver's assignment that in any way contradicts the sensitivity or the propriety of securing the information for which we are responsible.

Mr. **Traficant**. Fine. Let me continue.

No. 1, I will learn about FEMA, and I will learn about it through my own particular methods, not through your staff, sir. But specifically here is the question I am going to ask to you or whomever you would like to delegate this particular question to.

Why did you hire a felon?

Mr. **Giuffrida**. Mr. Traficant, I will try to explain again.

Mr. **Packard**. Mr. Chairman, I am not at all pleased with the tenor of this interrogation. I don't believe that it is necessary.

This committee is here to try to get information, and I don't believe it is here to embarrass or to castigate. And I would appreciate a little bit more care taken in the questions.

Mr. **Giuffrida**. I will answer again that we did not hire Mr. Silver, Mr. Traficant. Mr. Silver was onboard when we came here. My part in this was when Mr. Silver was recommended for the security clearance in order to be assigned to duties in the Security office, I approved it.

Mr. **Traficant**. I am glad to see the concern from my colleague on the committee. One thing remains. Nevertheless, your agency had to give a top secret clearance, so evidentally there was concern for individuals who had served in that position. So unless my question is going to be rounded, I still find it very difficult to understand, sir. Now, what has developed into literally the reams of complaints, allegations and improprieties, to say the least—that if this is any indication of what has transpired in your agency, it may not be felonious actions of concern, but it has to lend one's trying to understand what really is going on over there.

I have no further questions.

Mr. **Giuffrida**. Mr. Chairman, may I respond?

Mr. **Volkmer**. You may.

Mr. **Giuffrida**. Mr. Traficant, I have been involved with security and the custody of national security information since 1948. I was responsible for establishing the personnel security for all of the intelligence activity of one of our major agencies in Europe.

I have dealt with it at every level of the military, all the way through to the Joint Chiefs of Staff. I never in my entire career of 31 years, 9 months and 23 days of active military service as a commissioned officer in the U.S. Marine Corps and in the Army played lightly with national security information.

And I have not in this instance, either.

Mr. Silver was treated in the manner that Congress and the laws of the United States dictated he should be treated. He has been and continues to be a contributing, worthwhile member of the civil service force of the United States, and he is in a job where we are getting our money's worth for his efforts.

Mr. **Traficant**. To the best of your knowledge, does he have a top secret clearance now in the position he holds?

Mr. **Giuffrida**. Yes, he does.

Mr. **Volkmer**. I would like to continue that just so I understand what has been said here.

Mr. Silver has a top secret clearance. But I have also heard that Mr. Silver is not in a position to come in contact with any sensitive information.

Mr. **Giuffrida**. That is correct, Mr. Chairman.

Mr. **Volkmer**. Why does he have a top secret clearance?

Mr. GIUFFRIDA. Because top secret, sir, he requires certain levels of access, not national security sensitive compartmented information.

Mr. VOLKMER. What type of information, then, without getting into detail.

Mr. MARTIN. Mr. Chairman, people have top secret clearances that work at the Department of Commerce—just because they have a certain degree of trustworthiness. The fact that they have a top secret clearance—he is not in the top secret business. He just has access to go about his business in areas where there may be some classified activity.

Mr. VOLKMER. And Mr. Silver has never been in charge of security?

Mr. GIUFFRIDA. That is correct, Mr. Chairman.

Mr. VOLKMER. What was his position at that time?

Mr. MARTIN. He was a physical security officer.

Mr. VOLKMER. What is that?

Mr. MARTIN. That means the facilities—the building, the guard.

Mr. VOLKMER. He was in charge of that?

Mr. MARTIN. Yes.

Mr. VOLKMER. That means to me as a layman, and not in the agency side of it, it means that there is some top security, if he secures buildings. But he is not the person that is necessarily in charge of all security.

Mr. GIUFFRIDA. Sir, may I add one additional word of explanation.

Those areas of the FEMA activity or any other agency activity where they deal with sensitive compartmented national security information are continuously manned, and there are a series of incremental entry requirements, physical entry requirements, specially coded badges and things of that sort, that are needed to get into that part of the facility.

So it is the standard practice to have an external security system to which some people have access if for no other reason than to go back and forth to other workplaces. And for them to be excluded in increasing degrees of exclusiveness from areas where they deal with the really heavy duty national security information.

Mr. VOLKMER. But if he is in charge of the physical facilities, then he would have access to all buildings?

Mr. GIUFFRIDA. Negative. He has access to the exterior security systems. He does not have access to get into the compartmented areas.

Mr. VOLKMER. All right.

Mr. TRAFICANT. Mr. Chairman, would you yield just a minute?

One of the reasons for top secret clearance, if you have an individual who by the nature of their duties is not to be involved with this top secret information, if they were a felon, they have broken the law already, and what would stop them from gaining entry to one of those sensitive areas and perhaps getting hold of that information for someone, sir?

Mr. GIUFFRIDA. Mr. Traficant, your major premise, I think, is not correct. To have a top secret clearance, which is not that extraordinary, is simply an a priori action that is taken to permit people to walk around in various areas, not necessarily to be involved in dealing with them.

I am too much in the business to suggest that anybody can be turned. But being turned in large measure is a function of opportunity to succeed. And no one in Mr. Silver's position would have access to the compartmented areas.

I tell you that categorically.

Mr. **Martin**. Mr. Chairman, would it be of help if we provided the standards that are given to us by OPM and GSA on security clearances. In other words, help us to make determinations in cases like Mr. Silver?

Mr. **Volkmer**. Yes. That would be all right. And also if you would provide us with a job description on Mr. Silver's occupation back when he was head of the physical security.

Mr. **Martin**. Yes.

[The material referred to follows:]

PHYSICAL SECURITY AND SAFETY OFFICER
GM-080-13

I. INTRODUCTION

This position is located in the FEMA, Office of Security, Office of Executive Administration. The position has been established in support of FEMA's increased role in national defense continuity of government, the EICC, and the expanded role the regional offices must meet in emergency operations. This functional arrangement reflects the primary and continuing concern of top-level FEMA officials for the provision of adequate physical security of the agency's buildings, grounds, restricted areas, other facilities occupied by or under the control of FEMA, equipment and records and safety of personnel since many of FEMA's varied programs are highly sensitive involving contingency plans for physical and human resources management in the event of sabotage and acts of aggression against the United States.

II. MAJOR DUTIES

1. The incumbent assists in planning, developing, coordinating, and implementing plans, policies and procedures necessary to obtain maximum security and safety of documents, facilities, equipment, personnel and other agency-wide resources of the Federal Emergency Management Agency (FEMA) which must be safeguarded in the interest of national security. This includes Headquarters, Field and Regional locations.

2. Schedules and conducts on-site inspections and surveys to determine the need for overall physical security including the most modern technological devices and such other means as the installation of locks, physical barriers, safety devices, lighting, alarm systems, guard stations and other equipment, accessories and facilities to prevent loss, compromise, damage, or destruction of classified material, affecting national security, by natural elements or forces, sabotage or espionage.

3. Plan, develops, implements, and directs special methods and procedures to effect completely adequate control of persons' access and egress of buildings, grounds, restricted areas, and other facilities occupied by, or under the control of FEMA, to the extent required in order to insure the security of the premises involved.

4. Plans, directs and regularly reviews operational control of security personnel (contract guards, Federal Protective Officers, etc.) assigned to provide guard service at FEMA controlled or occupied facilities; and reports findings to supervisor.

5. Plans, directs and implements security measures for the protection of the Director, key FEMA officials, and visiting U.S. and Foreign dignitaries. Personally provides for appropriate action in those situations that constitute a clear and present danger. This could involve coordination with other Federal and local law enforcement agencies.

6. Maintains liaison contact, in a cooperative and professional manner, with counterpart federal, state and local law enforcement officials in order to ensure the close coordination of all matters impacting on physical and personnel security and safety.

7. The incumbent must be capable, even under extreme stres, of making sound decisions that could influence the effectiveness of the Agency's physical security and safety programs.

8. Under the direction of the Division Chief, conducts investigations in the event of incidents, thefts, accidents, injuries, etc., for the purpose of initiating corrective or preventive action and reporting to appropriate law enforcement agencies.

9. Responsible the preparation of the and safety programs budgetary requirements.

10. Under the direction of the Division Chief, establishes criteria for submission to FEMA Space Management personnel, the design and construction plans and specifications for facilities construction and ensure repair projects to the inclusion of adequate protective systems and devices, and recommend alternative designs or modifications to eliminate or reduce security or safety threats.

11. Develops and implementes a safety program in compliance with National Safety Council and Occupational Safety and Health Act directives and regulations as well as sound management practices.

12. Develops Headquarters Facilities Self-Protection Programs, including personnel safety, fire prevention, medical action activities, and implementation of the Occupant Emergency Plan. During incidents of threats both direct and indirect, to the security Headquarters facilities and personnel, as directed by superior, shall determine and activate appropriate emergency procedures on behalf of the Agency to preserve the safety and well-being of FEMA employees and for the protection of the Agency's facilities.

III. FACTORS

1. Knowledge Required by the Position

Extensive knowledge and thorough understanding of all aspects of physical security established in legislation and policy as applied to FEMA.

Extensive knowledge and thorough understanding of management principles, concepts and techniques as well as human relations applications.

Thorough knowledge of the over-all organization, functions, and mission of the Agency.

Skilled in gathering, organizing pertinent inputs, draw conclusions, forecast results, and effect appropriate changes and improvements in the physical security programs.

Knowledge of current internal security and safety problems.

Skilled in analyzing and evaluating reports of investigation, or reports which contain conflicting information or evidence; and to prepare oral or written reports, decisions, conclusions, or recommendations that are logically organized, clearly written, and unbiased.

Skilled in working with all levels of personnel to advance the Agency's security and safety program.

Comprehensive knowledge of protective devices, facilities, procedures, and methods.

2. Supervisory Controls

Incumbent is under administrative guidance and general supervision of the Chief, Operations Security Division, Office of Security. Assignments are broad in nature and are in the form of general outline or work to be accomplished. When necessary, priorities and deadlines are established. The incumbent is generally independent in all assignments based upon knowledge, experience and previous training. The Division Chief is periodically consulted and kept informed of any unusual problems for the purpose of obtaining guidance as to the approach to be taken. Work is reviewed for appropriateness, soundness of technical applications recommended and adherence to applicable principles and standards.

3. Guidelines

Presidential Directives, Executive Orders, National Security Directive, Public Law, DOD and OPM policy guidance provide the broad basic framework for the development and implementation of the agency's physical security and safety program.

4. COMPLEXITY

This position demands the effective and efficient administration of Agency-wide protective programs, physical security and safety, in support of the various organizational elements functioning to implement the vital activities, directly related to the national security, inherent to the FEMA mission.

Incumbent analyzes, interprets, and resolves day-to-day problems of varying nature, emitting from all areas of supervision; anticipates, defines, and adjudicates problems from a variety of sources; initiates and supervises the enforcement of guidelines and instructions as prescribed by the Agency; and maintains sufficient flexibility and judgement to develop procedures critical to the Agency's national security responsibilities.

5. SCOPE AND EFFECT

The responsibilities of this position encompass a wide range of activities involving all aspects of management, creative resource development, negotiations, adaptation, implementation and review of existing, new and/or revised policies, procedures and operating instructions in accomplishing the goals and objectives of FEMA.

The objective of this position is to assure the smootn operational function of Agency-wide physical security and safety programs both in normal day-to-day operations, and during times of emergency.

6. PERSONAL CONTACTS

Numerous contacts are made on a day-to-day basis directly with personnel within FEMA; other government agencies, Federal and state; and various organizations in the private sector.

7. PURPOSE OF CONTACTS

Contacts are made on a day-to-day basis for the purpose of negotiating the resolution of major problems, as well as determining, evaluating, and recommending changes in policies and procedures which have a direct impact on the Agency's physical security and safety programs. Routine contacts with subordinates encompasses supervision, guidance in problem-solving, and performance analysis, evaluation and assistance. Contacts require tact as well as skills in human relations; the ability to communicate both orally and in writing with clarity and persuasion; sound judgment and decision-making ability; in addition to creativity and initiative.

8. Physical Demands

There are no exacting physical demands except when in an emergency mode which might require working long hours for indefinite periods. Must be prepared on short notice to present oral briefings on a variey of operations security subjects to high-level government audiences. Limited travel - otherwise incumbent needs to rely on generally good health and having the capabilities normally associated with coordinating, directing, and supervising an agency-wide personnel security program.

9. Work Environment

Work is primarily centered in an office setting. However, the incumbent must be prepared to relocate to emergency sites, when required, which could be in underground facilities.

Participation in exercises or actual emergency situations could require the incumbent to adapt to unusual work environment conditions.

NOTE:

This is a critical-sensitive position. Incumbent will have access to highly-classified material.

Chapter 736

Investigations

This chapter covers the fact-finding phase of investigations.

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Subchapter 1. General Provisions

1-1. SCOPE OF THIS CHAPTER

a. **Coverage.** This chapter deals primarily with national agency checks and inquiries (NACI) and full field investigations conducted by the Commission.

b. **Investigations not covered.** The Commission also conducts various other types of investigations. Some, such as investigations under chapter 77 and chapter 73 of title 5, United States Code, are authorized specifically by statute. Others are authorized by chapter 33 of title 5, United States Code, and the civil service rules and are conducted primarily to resolve questions about possible violations of the rules and regulations. In the latter category are investigations such as those concerning impersonation or collusion in examinations and irregularities in appointments. The Commission also conducts some specialized personnel investigations, as, for example, those involving applicants for postmaster and rural carrier positions, and qualifications investigations for higher grade positions in the competitive service. Because of the variety of these investigations, the highly specialized procedures which are followed in initiating them, and the fact that agencies receive specific information about them as necessary, no attempt is being made to delineate them in this chapter.

1-2. DEFINITIONS

The terms listed below have the meanings indicated when used in this chapter:

a. **Appointee.** A person who has entered on duty, but whose appointment is still subject to investigation by the Commission.

b. **Appropriate office of the Commission.** The office of the Commission having jurisdiction over the area in which the appointing officer is located. The Bureau of Personnel Investigations, Washington, D.C. 20415, is the appropriate office of the Commission for appointments in the Washington Metropolitan Area. The only major exception to this definition relates to the Area NACI Centers established at New York, N.Y., Chicago, Ill., and San Francisco, Calif.

c. **Full field investigation.** An investigation conducted personally to obtain full facts about the background and activities of a person so that the Commission can determine whether his employment by the Government is consistent with the interest of national security.

d. **Limited personal investigation.** An investigation conducted personally to resolve derogatory information developed through a national agency check and inquiry, and to obtain facts about the person's recent activities for the purpose of determining his present suitability for Federal employment.

e. **National agency check (NAC).** A check of the following files:

- —Fingerprint files, Identification Division, Federal Bureau of Investigation;
- —Investigative files, Federal Bureau of Investigation;
- —Investigative files, United States Civil Service Commission (including the security-investigations index);
- —House Committee on Internal Security.

In addition, when the person has had civilian employment, or has had service in a branch of the armed forces, a check is made of the Defense Central Index of Investigations (includes Army Investigative Records Repository, Naval Investigative Services Headquarters, and Office of Special Investigations, Air Force), and Coast Guard Intelligence, Department of Transportation.

Subchapter 2. Investigations for Sensitive Positions

2-1. PREAPPOINTMENT NATIONAL AGENCY CHECKS

a. **Initiating preappointment check.** Agencies desiring a national agency check before initiating a full field investigation in cases of persons being actively considered for emergency appointment or assignment to a sensitive position may obtain this check by following the procedures outlined in FPM SUPPLEMENT 296-31, PROCESSING PERSONNEL ACTIONS. Section 2-3 provides for advance reports of national agency checks in noncritical-sensitive cases requiring a national agency check and inquiry.

b. **Report of results of preappointment checks.** Upon completion of the preappointment national agency check the Commission will furnish the results to the requesting agency.

2-2. FULL FIELD INVESTIGATIONS

a. **Responsibility for conducting investigations.** The Commission will make a full field investigation of applicants for or appointees to sensitive positions in the competitive service, except in cases in which the head of the agency assumes that responsibility pursuant to law, or by agreement with the Commission. The investigation of applicants for or appointees to sensitive positions outside of the competitive service will be made by the employing agency if it has investigative facilities; if it does not have investigative facilities these investigations will be made by the Commission. Full field investigations will be conducted by the Commission on a reimbursable basis and the full investigative report will be furnished to the agency concerned.

b. **Full field investigation made after preappointment NAC's.** If a preappointment national agency check was previously obtained and no more than three months have elasped since the report was furnished the agency, and if a fingerprint check was included in the report of national agency check furnished by the Commission, it will not be necessary to prepare new Standard Forms 86 and Standard Forms 87. In these cases the agency will return the report furnished by the Commission with the request for a full field investigation. If a full field investigation is requested after three months from the date of the Commission's report of the national agency check it will be necessary to submit new forms in accordance with FPM SUPPLEMENT 296-31.

c. **Evaluation of information.** The agency is responsible for evaluating the information developed by the full field investigation conducted on an applicant for or appointee to a sensitive position.

d. **Agency officials authorized to receive reports of full field investigation.** In order that reports of full field investigation may be delivered promptly upon completion, agencies should furnish the Commission's Bureau of Personnel Investigations with the names and addresses of their central office officials to whom reports of full field investigation may be delivered. The names of alternates should be furnished, and in each instance the agency should show the highest category of classified security information the official has been cleared to receive.

2-3. NATIONAL AGENCY CHECKS AND INQUIRIES FOR NONCRITICAL-SENSITIVE POSITIONS

a. **Requirements.** A national agency check and inquiry as described in section 3(a) of Executive Order 10450 is the *minimum* investigation required for employment in a noncritical-sensitive position. This, however, shall not be construed to preclude the head of an agency from initiating a full field investigation if he considers such an investigation is appropriate.

b. **Responsibility and procedures.** The responsibility for and the procedures to be followed in conducting NACI's on incumbents of noncritical-sensitive positions are the same as those for nonsensitive positions in subchapter 3, except as provided in c below, and the agency rather than the Civil Service Commission assumes the evaluation function in cases involving loyalty investigation by the Federal Bureau of Investigation.

c. **Advance reports of national agency checks.** Agencies may request advance reports of national agency checks to use as a basis for deciding whether to make an appointment or for determining duty assignment. The Commission's central office will furnish NAC reports directly to the agency in advance of completion of the written inquiry portion of an investigation. Instructions for marking case papers to request advance NAC reports are given under *nonroutine* cases in FPM SUPPLEMENT 296-31.

2-4. REPORTING EVALUATIONS IN SENSITIVE CASES IN WHICH FULL FIELD INVESTIGATIONS HAVE BEEN CONDUCTED

Executive Order 10550, which amended section 14 of Executive Order 10450, requires the heads of agencies to report to the Commission the action taken on an officer or employee subject to a full field investigation. The report is made as soon as the case is evaluated and no later than 90 days after the final investigative report is received. Reporting procedures are in appendix B. The reports required by these instructions should be submitted from one central point in each agency to facilitate the reconciliation of any discrepancies between the Commission's records and the records of the agency. No report is required on the evaluation of noncritical-sensitive positions when the investigation consisted only of a national agency check and inquiry.

2-5 FULL FIELD INVESTIGATIONS FOR CRITICAL-SENSITIVE POSITIONS

a. **Scope and coverage.** Full field investigations on competitive service employees and applicants for critical-sensitive positions, shall be personally conducted investigations which cover the life of the person with emphasis on his background and activities during the most recent 15 years, or since his 18th birthday, whichever is the shorter period. Particularly intensive investigative coverage is obtained for the last 5-year period. In addition, a thorough personal investigation shall be made of any materially derogatory matters developed, requiring investigation before the 5-year period.

(1) *Basic elements.* The basic elements of a full field investigation are:

(a) A national agency check as defined in section 1-2e plus Immigration and Naturalization Service files (on naturalized citizens) and State Department passport files (covering foreign travel).

(b) Personal interviews with present and former employers; supervisors; fellow workers; references, when available; neighbors; school authorities; and other knowledgeable associates.

(c) Checks of police, credit (when practical and justified), and other pertinent records as appropriate, such as FBI field offices, vital statistics (to resolve discrepancies), military service, and the like.

(2) *Personal interviews.* Personal interviews as appropriate, for the proximate 5-year period, should be scheduled with employers, supervisors, and work associates to verify and obtain pertinent details for all employments in that investigative period. Particular care shall be taken also to verify the fact of unemployment or self-employment claimed by the subject of investigation during the proximate 5-year period.

(3) *Checks with educational sources.* Significant education at a college level should be verified by a check of the school records. Secondary education should be investigated when the subject is young and has had no subsequent schooling. Personal interviews should be conducted with available witnesses such as school authorities, professors, and former students who were associated with the subject during recent schooling.

(4) *Neighborhood investigation.* Neighborhood investigation normally should be conducted on

civilian employees and applicants to cover residence during the most recent three years. Testimony of neighbors before that period may be sought to verify periods of unemployment or self-employment, or to resolve questionable matters which have been raised from other sources.

(5) *Number of witnesses.* The number of witnesses interviewed cannot be reduced to a formula, but in each case should depend upon the diversity of the subject's experience and places of residence, as well as upon the depth of knowledge shown by witnesses concerning the subject's character, habits, and background. The objective of the investigation should be to obtain a comprehensive and well-rounded picture of the person's background and activities.

b. **Matters covered.** (1) Basically, full field investigations are designed to develop sufficient information to enable agency officials to determine the employability or fitness of persons entering critical-sensitive positions. Fitness includes both security and suitability fitness. Investigations, whenever practicable, should be conducted on a preemployment basis and reports used as a personnel selection device.

(2) Character, habits, morals, associations, and reputation shall be investigated generally. Loyalty should be particularly stressed, and if a question is raised about the subject's loyalty the case shall be referred to the Federal Bureau of Investigation in accordance with section 8(d) of Executive Order 10450.

(3) The affirmative qualities and qualifications of the subject should be fully developed.

(4) Over and above the minimum standards, the full field investigation may be tailored to obtain information in depth concerning special attributes and qualifications required for proper performance in the particular kind of position involved.

c. **Review of manual and instructional material.** To insure uniformity of investigative methods and procedures the Commission shall, as appropriate, review manuals and instructions to investigators which relate to conducting full field or background investigations on competitive service applicants to and employees of those agencies which have negotiated agreements with the Commission under the provisions of section 8(b) of Executive Order 10450.

d. **Avoiding unwarranted invasion of privacy.** In conducting full field (background) investigations for acceptability for employment in critical-sensitive competitive service positions under Executive Order 10450, inquiries about an applicant will be limited to matters relevant to a determination of fitness for the position, including a determination of whether his employment is clearly consistent with the national security. Investigators are not authorized to do the things listed in appendix C.

e. **Federal personnel investigators.** Investigative agencies which have agreements with the Commission under section 8(b) of Executive Order 10450 have agreed to the guides in appendix E for use in selecting, training, and supervising Federal personnel investigators who conduct full field (background) investigations on employees and applicants for positions in the competitive service.←

2-6. REINVESTIGATIONS OF INCUMBENTS HOLDING CRITICAL-SENSITIVE POSITIONS

The incumbent of each critical-sensitive position shall be required, five years after his appointment, and at least once each succeeding five years, to submit an updated personnel security questionnaire to the appropriate security officer in his department or agency. This questionnaire shall be reviewed, together with the personnel file of the incumbent, previous reports of investigation concerning him, and any other appropriate documents. A determination shall then be made regarding what further action, if any, is appropriate; for example, a check of local police and credit records, a national agency check, or an updated full field investigation. Whenever agencies decide to submit requests to the Commission for reinvestigations, contact should be made with the Director, Bureau of Personnel Investigations, to make arrangements for scheduling the submission of cases and for reimbursing the Commission for the work performed.

Subchapter 3. Investigations for Nonsensitive Positions

3-1. NATIONAL AGENCY CHECK AND INQUIRY

a. Commission responsibility. NACI investigation for nonsensitive competitive positions is initiated by agencies and conducted by the Commission. In addition, the Commission will make NACI's of persons entering nonsensitive positions outside the competitive service when an employing agency does not have investigative facilities or when an employing agency with investigative facilities has entered into an agreement with the Commission under which the Commission will make such investigations.

b. NACI reports. If the results of the NACI are clearly favorable, the Commission will not automatically furnish the investigative file to the agency. Instead it will return the application, marked "Processed under section 3(a) of Executive Order 10450," and any investigative file submitted by the agency. This will apply to both competitive service and excepted service cases. This will avoid double handling and review of clearly favorable cases in the Commission and again in the employing agency. If, on receipt of such an application, an agency wishes to obtain the investigative file, it should send a written request to the Commission office which handled the case. If no request is received, the Commission office will retain the file for three months and then destroy it. The Commission will, however, retain a permanent record in the security-investigations index that these cases were completed with favorable results.

3-2. DEROGATORY CASES

a. Personal investigation by CSC. If the NACI develops information indicating the possibility that an appointee to a nonsensitive position in the competitive service is unsuitable, or that an appointee to a nonsensitive position outside the competitive service in an agency which does not have investigative facilities to resolve the issue or issues may be unsuitable, the Commission will make such further personal investigation as necessary to enable the head of the department or agency or the Commission, whichever has jurisdiction, to resolve the suitability question. Ordinarily this will not be the equivalent of a full field investigation, but will be limited to verifying or disproving the information which may be disqualifying. Agencies having their own investigative facilities will be expected to resolve issues involving appointees to nonsensitive positions outside the competitive service. When the Commission has completed a limited personal investigation in the case of an appointee to a nonsensitive position in the competitive service in which it still has jurisdiction it will evaluate the case as described in chapter 731. When the Commission completes a limited personal investigation in the case of an appointee to a nonsensitive position outside of the competitive service, or if the Commission has lost jurisdiction, it will forward the case to the agency for suitability evaluation.

b. Further investigation by employing agency. When by agreement the Commission conducts the NACI in other than competitive cases for an agency having investigative facilities, a report of the national agency check and the replies to written inquiries will be furnished to the agency for any further investigation required to resolve adverse or questionable information.

Subchapter 4. →Reinvestigation of Former Federal Employees or Employees of Other Agencies←

4-1. REINVESTIGATION FOR NONSENSITIVE AND NONCRITICAL-SENSITIVE POSITIONS

a. **Break in service more than one year.** Appointees to nonsensitive and noncritical-sensitive positions must be reinvestigated if they have had a break in service of more than one year. Intervening military service is considered the same as civilian employment for purposes of determining a break in service.

b. **Break in service less than one year.** If the appointee had previous service in the executive branch of the Federal Government, his Official Personnel Folder must be reviewed by the gaining agency to determine if an NACI investigation (or more comprehensive type) was requested and completed.

(1) No reinvestigation is required for former Federal civilian employees or former military personnel when they are employed in a civilian capacity within one year from date of their separation from the civilian position or of their honorable discharge or separation from the military service if the required NACI or equivalent or more comprehensive type of investigation was completed during their previous civilian employment or period of military service.

(2) Ordinarily the gaining agency will not know if an investigation was made while the appointee was in the military service. Rather than delay the case to make inquiry of the military department, the agency should assume that no investigation was made and should submit papers for an NACI investigation as prescribed in FPM Supplement 296-31.

(3) If it appears from the Official Personnel Folder that an NACI had been requested but not completed, the gaining agency should notify the Commission office to which the previous case papers were sent. The notification should be accompanied by the SF 171 or equivalent from which the current appointment was made and should specify the date and type of current appointment.

(4) If the Official Personnel Folder contains no evidence that an NACI investigation was requested and completed, the gaining agency should submit papers for investigation as prescribed in FPM Supplement 296-31.

4-2. REINVESTIGATION FOR CRITICAL-SENSITIVE POSITIONS

a. **Situations in which a new full field investigation is required.** The agency will initiate a new full field investigation according to the instructions in FPM Supplement 296-31—or the agency's internal instructions if it is authorized to conduct its own investigations—if the position is critical-sensitive and:

(1) There has not been a full field investigation with favorable results (for either civil, military, or contractor service) within the past five years; or

(2) There has been a break in the person's civil, military, or contractor service of more than one year since a full field investigation was conducted. If the person has a military or contractor clearance based on a full field investigation and has maintained a continuing relationship with the military or contractor organization for which the clearance was granted, he is considered to have had no break in service.

b. **Agency action when a new full field investigation is not required.** When a new full full field investigation is not required under paragraph a,→the gaining agency should review all available personnel and investigative papers (including a new or recent personnel security questionnaire) and determine what further action, if any, is appropriate; for example, a check of local police and credit records, a national agency check, an updated full field investigation, or a finding that no further investigation is necessary. In making this decision, the agency should consider the date of the previous full field investigation and any subsequent reinvestigation, the degree of security control exercised during the intervening period, the duties and location of the position,← where the person lived and worked, and any other relevant matters.

4-3. INFORMATION RELATING TO FORMER EMPLOYEES

a. **Furnishing available information.** In making NACI's under section 3(a) of Executive Order 10450, the Commission is required to check former employers. To meet the requirement the Commission sends written inquiries, Optional Forms 49, to Federal agencies. It may not be possible for an agency to answer all the questions, particularly if the Official Personnel Folder is no longer in its possession. Only those questions for which the information is at hand should be answered. No attempt should be made to forward these written inquiries to the current employing agency. They are not sent for a search of the Official Personnel Folder. Rather, they are sent to develop any suitability or security information former employing agencies may have in their investigative or security files.

b. **Review of personnel folders.** The Commission does not attempt to check the Official Personnel Folder in conducting NACI's. It is the responsibility of the gaining agency to review the folder and verify the Federal civilian service claimed by the candidate or the new appointee. If the Official Personnel Folder contains seriously derogatory information, and the appointee is in a competitive position, the gaining agency should forward this information to the Commission office which completed or is conducting the investigation.

c. **Request for investigative files on transferred employees.** In cases of transfer between agencies or reappointment not requiring further investigation, the Commission will, upon request, furnish the investigative file to an authorized official of the gaining agency. Requests for these files should be addressed to the Bureau of Personnel Investigations, Investigative Files Section. Depending on the type of investigation previously conducted, the kind of information developed, and individual arrangements with agencies, the Bureau of Personnel Investigations will determine whether the file may be furnished to the requesting official or whether it should be sent to a designated security officer.

Subchapter 5. Maintenance of Files and Records

5-1. SECURITY-INVESTIGATIONS INDEX

The Commission is required by Executive Order 10450 to establish and maintain a security-investigations index covering all persons for whom personnel investigations have been conducted under the order by any department or agency of the Government. The index contains the name of each person investigated, adequate identifying information concerning him, and lists each department and agency which has conducted a personnel investigation concerning him, or has suspended or terminated him under the authority of Public Law 81-733. Section 9(b) of the order directs departments and agencies to furnish promptly to the Civil Service Commission information appropriate for the establishment and maintenance of the security-investigations index. The information submitted by the agencies will be used by the Commission not only to avoid duplication of investigative effort, but also to carry out its security appraisal function under section 14 of the order.

5-2. CUSTODY OF INVESTIGATIVE REPORTS AND RECORDS

a. **Reports remain the property of the investigative agency.** Reports and other investigative material and information developed by investigation remain the property of the investigative agency concerned, although they may be retained by the employing department or agency while the employee is still on its rolls. No access outside the employing agency to such reports may be given without the consent of the investigative agency concerned.

b. **Safeguarding investigative information.** Classified information must be safeguarded in accordance with the provisions of Executive Order 10501. Other investigative information which is not classified must be kept in confidence in accordance with section 9(c) of Executive Order 10450. Such material may be returned to the Commission as soon as it has served its purpose in the agency and while the employee is still on its rolls. Investigative reports and material will not be made a part of the Official Personnel Folder, nor included in any files disposal schedule of the agency, and may be recalled by the Commission at any time. Therefore, they should be maintained by the agency where they are readily available for return to the Commission upon request.

5-3. RETURNING INVESTIGATIVE FILES TO THE COMMISSION

a. **Files to be returned to the Commission.** As shown elsewhere in this chapter, investigative files are returned to the Commission in various circumstances. The Commission may recall at any time the reports and other investigative material it has furnished. If the person involved has been separated for any reason, the agency will return the investigative file to the Commission. If an agency is liquidated, it will return any investigative files and material received from the Commission.

b. **Material to be included in returned files.** Investigative files returned to the Commission will include any reports of investigation, interrogatories, or hearings conducted by the Commission or the Federal Bureau of Investigation, any letters of charges or interrogatories by the employing agency based on reports furnished by the Commission or the FBI, and any replies to such documents. They will not include such items as copies of Standard Forms 84 (1947 edition), application forms, or reports of investigation or written inquires conducted by the employing agency. Neither will they include reports of arrest records not furnished as part of the investigative files.

c. **Returning investigative files to the Commission.** When investigative files are returned to the Commission, they should be addressed to the Commission's Bureau of Personnel Investigations. If files are to be returned in large numbers, prior arrangements should be made with the Bureau of Personnel Investigations. Returned investigative files should be identified with the legend, "Returned to CSC in accordance with instructions in chapter 736, FPM."

5–4. TELEPHONE REQUESTS FOR INFORMATION

While the Commission will check its files occasionally on the basis of telephone requests instead of identifying data sheets, this type of request ordinarily should be made only when the information is needed so urgently that there is no time to make the request in writing. Forms are preferable because they provide more identifying information and permit a more thorough search. Telephone requests disrupt regular operations and are more time consuming because they require special handling. Therefore, their use should be carefully restricted

f. National agency check and inquiry (NACI). A combination of the national agency checks and written inquiries to law enforcement agencies, former employers and supervisors, references, and schools. It includes also a check of records of the Immigration and Naturalization Service if the person is an alien or a naturalized citizen.

g. Written inquiries. Requests in writing (forms) for pertinent information required by Executive Order 10450.

1-3. AUTHORITY TO CONDUCT INVESTIGATIONS

General. Chapter 33 of title 5, United States Code, Executive Order 10450, section 5.2 of civil service rule V, and section 731.301 of the civil service regulations contain the basic authorities for the Commission to make investigations and to make appointments "subject to investigation" for a period of one year from the date of entrance on duty of an appointee to the competitive service. There are also several statutory authorities under which the Commission conducts reimbursable full field investigations for certain Federal agencies.

1-4. INVESTIGATIVE REQUIREMENTS OF EXECUTIVE ORDER 10450

Executive Order 10450, issued April 27, 1953, which extends Public Law 81-733, requires that investigations be conducted of all persons entering the Federal service. Under procedures established pursuant to the order, preappointment full field investigations are required on applicants for critical-sensitive positions. Postappointment investigations (NACI's) are conducted on appointees to nonsensitive positions. An NACI is the minimum investigation for employment in a noncritical-sensitive position and normally the national agency checks are completed prior to appointment. Persons who are transferred to critical-sensitive positions from less sensitive positions must meet the full field investigation requirement.

1-5. REQUIREMENT TO FURNISH TESTIMONY

Section 5.3 of civil service rule V issued by the President provides that "all officers and employees in the executive branch, and applicants or eligibles for positions therein, shall give to the Commission or its authorized representatives all information and testimony in regard to matters inquired of arising under the laws, rules, and regulations administered by the Commission. Whenever required by the Commission, such persons shall subscribe such testimony and make oath or affirmation thereto before an officer authorized by law to administer oaths."

1-6. OBLIGATION TO REPORT SECURITY INFORMATION RELATING TO INCUMBENTS

Whenever information is developed or received by any agency indicating that the retention in employment of any officer or employee of the Government may not be clearly consistent with the interests of the national security, this information must be forwarded to the head of the employing agency or his representative. The officer receiving the information is responsible for taking appropriate action on it.

1-7. REFERRAL OF LOYALTY INFORMATION

a. Referral of loyalty cases. All investigations being conducted by any other agencies which develop information indicating that a person may have been subject to coercion, influence, or pressure to act contrary to the interests of the national security, or information on possible disloyalty to the United States, must be referred promptly to the Federal Bureau of Investigation. In these cases the Federal Bureau of Investigation makes a full field investigation.

b. Employees. Information as to subversive activity on the part of employees in the executive branch of the Federal Government, with the exception stated in the following paragraph, is referred by the employing agency, with all available pertinent data, to the Federal Bureau of Investigation. That bureau makes any necessary investigation and forwards the completed investigative report to the Civil Service Commission for transmittal to the employing agency.

c. Appointees. Information as to subversive activity on the part of new appointees of the executive branch of the Federal Government in whose cases investigation has not been completed or adjudicated by the Commission is referred by the employing agency, with all available pertinent data, to the appropriate office of the Commission. The Commission then refers the matters to the Federal Bureau of Investigation. That bureau makes any necessary investigation and forwards the completed investigative report to the Commission. In all such cases the employing agency is furnished a copy of the report of investigation. In cases of appointees to nonsensitive positions in the competitive service, however, when the Commission still has jurisdiction, it evaluates the suitability (including loyalty) of the appointee. If the position is sensitive, outside the competitive service, or the Commission has lost jurisdiction, the agency assumes the evaluative function.

1-8. RESPONSIBILITY FOR CONDUCTING INVESTIGATIONS

a. Positions in the competitive service. The investigation of persons entering or employed in the competitive service is primarily the responsibility of the Civil Service Commission, except in cases in which the head of a agency assumes that responsibility pursuant to law or by agreement with the Commission.

b. Positions outside the competitive service. The investigation of persons (including consultants, however employed) entering employment of, or employed by, the Government other than in the competitive service is primarily the responsibility of the employing agency. Agencies without investigative facilities may use the investigative facilities of the Civil Service Commission, and other agencies may use these facilities under agreement with the Commission.

1-9. EXCEPTIONS TO INVESTIGATIVE REQUIREMENTS

a. Agency requests for exception. The Commission will approve requests from heads of agencies that they be relieved of the requirement for submitting cases for investigation under Executive Order 10450 when the positions involved are nonsensitive and the appointments are of aliens employed outside the United States or are specifically limited to three months or less in cases of per diem, temporary, or seasonal employees. When these requests are approved by the Commission, the agency will conduct such checks or investigations as it determines to be appropriate to the circumstances. Similar requests relating to other groups of employees will be considered as they are received by the Commission.

b. Unclassifiable fingerprints. In certain NAC and NACI cases, the FBI check may be limited to a name check. This will be true when fingerprints are returned as unclassifiable by the FBI, and the results of investigation are clearly favorable or involve only minor derogatory information. The Commission will close out these cases without classifiable fingerprints on the basis that when the FBI cannot classify fingerprints, it checks the person's name against the name index to previous fingerprint records. However, the agency may submit additional fingerprints until a classifiable set is obtained.

Mr. VOLKMER. I now recognize the gentleman from California.

Mr. PACKARD. Thank you, Mr. Chairman.

Would you be kind enough on Mr. Silver's issue to outline the procedure normally that your department would follow in determining clearances?

Mr. GIUFFRIDA. Yes, I will provide that.

Mr. PACKARD. I would like to know the procedure now.

Mr. GIUFFRIDA. OK.

Mr. MARTIN. As with all employees, they fill out a background history form—a statement of personal history. It is submitted to OPM. OPM does the investigation. They come back to us and with our security people they lay out the man's record and it is reviewed. We sit with personnel to say, in his case—we sit with personnel to say is there anything he has done that would have affect on his job? They give it to us and make some sort of determination.

And we certify him and the security office gives him—in capsule form that is about how it is done.

Mr. PACKARD. I understand that there were several that spoke and recommended his certification for top secret, and several that suggested that there may be caution.

Mr. MARTIN. I don't recall any caution. I recall everybody saying that he felt that he had been rehabilitated and that he was—he could be trustworthy and would not—whatever the cliche is added to that—that he could be put in a position of trust.

Mr. PACKARD. Mr. G.H. Smith—is that the Mr. Smith we have here?

Mr. GEORGE SMITH. Yes.

Mr. PACKARD. You wrote a memo to a Mr. John Savary and in it it says "every indication points to a total rehabilitation on the part of Mr. Silver. It would be unconscionable abuse of authority and legal prerogatives to arbitrarily deny Mr. Silver a security clearance based on the data and information contained in this file."

You wrote that, I presume.

Mr. GEORGE SMITH. Yes, sir.

Mr. PACKARD. Do you still feel that way?

Mr. GEORGE SMITH. Yes, sir.

Mr. PACKARD. Were there any indications in the investigation of Mr. Silver that would indicate that his experience, his felony experience, would contraindicate his secret security clearance.

Mr. GEORGE SMITH. None whatsoever, no. Total rehabilitation was the key word there. And he had repaid all the moneys that he had defrauded the insurance company of. All of those people who were interviewed—and there was a packet about that thick.

Mr. PACKARD. In paying his debt to society, is there any independent case that he resisted in any way total rehabilitation?

Mr. GEORGE SMITH. No, sir.

Mr. PACKARD. Mr. Chairman, that was my observation as I studied the information given to me by both you and my staff. I am persuaded that when a man pays his debt to society, that it would ill behoove the members of this committee to continue to impose upon that person further penalties.

I think rehabilitation is part of the process and I personally am not at all impressed with the efforts to try to discredit this agency in the process of discrediting one of their employees who has had a problem.

I have no problems with Mr. Silver, if, in fact, it has been determined by the appropriate agency that the appropriate individual has been fully rehabilitated, far be it from me to try to say that the man is not worthy or not rehabilitated.

Mr. ANDREWS. Would the gentleman yield, please?

I just noticed this morning for the first time—and I apologize for not having an opportunity to see it sooner—several of you on this panel today have extensive law enforcement backgrounds, both in the military service and out.

I guess my question is, Was there anything or has there been anything about this employee that called his ability to function into question in any way? Mr. Payne, are you familiar with this instance?

Mr. PAYNE. I am not familiar with the background on Frank Silver. Of course, I did have some 25 years of law enforcement. I did command the U.S. disciplinary barracks at Fort Leavenworth, KS. I have come to know Frank Silver. I would trust him.

He is fully trustworthy as any employee in FEMA. And I think frankly I agree with Congressman Packard, it is a pretty cheap shot at this employee to try to get at us on this ground.

Mr. ANDREWS. Mr. Martin, what is your background?

Mr. MARTIN. Prior to coming to Washington with the director, I was the assistant city manager of the city of Compton, CA. Prior to that I was the director of professional standard bureau for the city of Compton Police Department.

Prior to that, I served 8½ years at the California Specialized Training Institute.

Mr. ANDREWS. Is there anything about this employee that called his integrity into question, or his ability to have this kind of clearance?

Mr. MARTIN. None whatsoever.

Mr. PACKARD. With that, I will reclaim my time and simply conclude my comments in this area by indicating again, I think that here we are impugning a rehabilitated person rather than impugning this department. And I see no percentage in pursuing it further, Mr. Chairman.

Thank you.

Mr. VOLKMER. I would just like to make a remark. In reviewing the information and everything, I still have a question in my mind about providing a top secret clearance to someone who has this type of background.

Now, maybe I am in the minority. But I personally feel that—you have informed us now the job that he has is not that sensitive, in sensitive areas. That may be fine. But, of course, we did not know that at the time.

I still feel there is some question, and I think there is an area of disagreement as to whether this type person should be given a top secret clearance—not whether he should be hired or not or working or not. That is the question.

Mr. Traficant.

Mr. **Traficant.** Mr. Chairman, there was no cheap shot. I am for rehabilitation as much as anybody is. But he already had a job. You made a decision to hire a felon.

I am talking with you as the head of an agency. I am not impugning—nor do I want to be misinterpreted on that—Mr. Silver. I am questioning the judgment, and what was the process for hiring. If that is any indication of taking a shot at an agency, then——

Mr. **Andrews.** Would you yield just a second? None of these gentlemen hired this person. That is the point. I think that is very important. No one at that table was involved in his gaining employment; is that right?

Mr. **Giuffrida.** It was my decision as the head of the agency to agree with the recommendations that came, as pertains to Mr. Silver, the recommendations that came from those people on the staff to whom I have entrusted that responsibility. I stand by my decision.

Mr. Silver has been an exemplary employee of this agency, and in no way has he done or been permitted to get anywhere in a position where he might compromise any of the security of the United States.

It was my choice.

Mr. **Volkmer.** Thank you.

I would like to ask Mr. Payne another question on something else.

On December 12, last year, we heard testimony from two other employees of FEMA that on May 10, 1984, you ordered them to provide a technical and sole-source justification for three unsolicited proposals from the Analytical Systems Engineering Corp.

One of the proposals was to computerize the student record system at NETC. NETC already had such a system in place.

Now, did you give those orders?

Mr. **Payne.** Mr. Chairman, that may be their perception. But the whole track record of that case, going out there and coming back, it being denied, is not unique. That was not the way I understand that at all.

I certainly didn't order them to provide something that was against regulations. This was reviewed and had come back and pointed out to me it was not unique, that anyone around the beltway could do it.

As a matter of fact, I signed off on two, recommending that they be denied. As I recall, that was from the 8th until the 11th.

Mr. Ed Wall, who was the Acting Director of the U.S. Fire Administration, he is the one that came down and talked to me. "Hey, Frank, this is not unique; it is something that we should do."

Mr. **Volkmer.** Well, Mr. Turner worked for FEMA, did he not?

Mr. **Payne.** Yes, he did. He still does.

Mr. **Volkmer.** And as I understand his testimony, and I will read it,

> Well, I was summoned to Mr. Payne's office on the morning of May 10 by Mr. John Collins who indicated Mr. Payne had a task for me. I went to Mr. Payne's office. Mr. Collins and Mr. Payne were there and I—we waited a few minutes. Nothing happened. It was obvious we were waiting for someone else and I asked who we were waiting for and was told that Mr. Coyle would be joining us. Then shortly, he did. When he arrived, Mr. Payne came over and sat down at the table where we were sitting and had three proposals in his hand from Analytical Systems, Inc., of

> Arlington. He gave two to Mr. Coyle and one to me and then he said that the Director wanted technical reviews written for these, sole-source justifications and 40-1's completed, which is a requisition for services and supplies, and he had to have that back downtown by COB the next day, Friday.
>
> Mr. Coyle looked at the two that he had, indicated he thought one of them probably was not one that he should have looked at, but one that I should look at, so it was returned to me. We were sitting there kind of amazed at what was said, and Mr. Coyle asked Mr. Payne, he said, "Do you mean that we are to approve these proposals regardless of their merit?" And Mr. Payne said, "That is correct."

Do you remember that conversation?

Mr. PAYNE. I do not remember that conversation in that context at all.

I do remember that we got the call to review these proposals that had been in the mill for some time, and to get a quick reaction back.

Now, assuming that they were in accordance with the rules and regulations, yes, I think I was on the positive approach to get this done and discussed it with several of the senior staff, and it was decided the best ones to do this were Jim Coyle and Charlie Turner. And, of course, I had had some difficulty with Charlie Turner before.

It is kind of nitpicking. But we get into a nitpicking business here.

Charlie Turner was aboard when I came there. And one of the things that we saw was a reserved sign for Dr. Turner, for parking. We changed the parking concept that there was no reserved parking at that little campus out there. And that galled him.

The other thing, he was using the furniture that came from Battle Creek, MI, in his office. So I assume that that is part of the by-play that is involved here.

Mr. VOLKMER. Now, I assume from this statement of yours that you think maybe Mr. Turner was a little upset about these other things.

But I would like to know where you got those proposals that you gave to Mr. Turner and Mr. Coyle.

Mr. PAYNE. The proposals came from FEMA and sent down from procurement.

Mr. VOLKMER. They came from who?

Mr. PAYNE. Procurement, in FEMA headquarters, and sent out by courier for review.

Mr. VOLKMER. They were sent to you?

Mr. PAYNE. To be reviewed.

Mr. VOLKMER. These are proposals already made up. Now, wait a minute.

When you met with Mr. Coyle and Mr. Turner, are you saying that you had proposals already made up, draft form, and that is what you handed Mr. Turner and Mr. Coyle? Is that what you are telling this committee?

Mr. PAYNE. That is true, sir, the three of them that came out. I have notes here if I could just refer to them.

Mr. VOLKMER. They were not in handwritten form?

Mr. PAYNE. No, sir. They were typewritten, all there. I made copies of them.

I didn't read them in detail. I had a foot of paper on my desk. And this was just another item to be sent up for review.

I don't have the full totals with me.

Mr. VOLKMER. Was Mr. Face present during these conversations at all?

Mr. PAYNE. Mr. Face was not present. He was in Washington. But here is——

Mr. VOLKMER. Was he telephoned during any of this? There was a telephone call made to him?

Mr. PAYNE. At a later time it was, when we talked about this and determined it was not unique for this agency to do it, and anyone other's, and should be not a sole source.

And Mr. Face said, "OK, put your recommendation on there and send it back."

Mr. VOLKMER. Now, Turner refused, right?

Mr. PAYNE. No, Turner did not refuse, sir.

Mr. VOLKMER. That is what Turner said. But you are saying he did not.

Mr. PAYNE. Here is my memo for the record dated September 29, 1984, subject: "Unsolicited proposals from Analytical Systems Engineering Corp."

In March–April 1984, Analytical Systems Engineering Corp. submitted three unsolicited proposals to FEMA for consideration.

One was on student information management system for $60,035. One for systems engineering analysis for the U.S. Fire Administration, $77,357; management information system analysis for the training in fire directorate, $60,230. The total proposed cost was $197,000.

FEMA Office of Acquisition Management sent the proposals to the Associate Director, Training and Fire Programs, for review on May 8, 1984. After review, on May 11, 1984, NETC returned the three proposals.

Two of them I signed recommending they be denied. Ed Wall signed the other. And the reason for that, essentially, it duplicated the present system.

Two, not appropriate for the needs of the U.S. Fire Administration. Noncompetitive procurement cannot be justified since services proposed are not unique from what could be provided by other systems engineering firms.

All three proposals were rejected by FEMA Office of Acquisition on May 14.

No way did I order that this be done and not based on the merits of the case. I couldn't believe that testimony when I heard it.

Mr. VOLKMER. Well, maybe I should continue with some of the testimony of Mr. Turner. And perhaps somebody can decide what actually took place. I don't know. Some of us maybe have vague memories.

As I understand it, Mr. Turner says that you said to Mr. Face, I guess by telephone, "I understand what my orders are, but 'I think there is something unique here'. And so he turned to me"—that is, Mr. Turner—"and asked me to repeat to Mr. Face essentially what I had said and he also asked Mr. Wall to say the same thing to Mr. Face.

"When we completed describing proposals, Mr. Payne then said, 'You know, in spite—I know what my orders are and in spite of that, I think that it might be worth revisiting this and reconsidering these orders.' And Mr. Face said, 'I will have to get back with you in the morning.' And then the telephone conversation was ended like that.

"So the instruction that we got from Mr. Payne at that point was, don't do anything further from here. We will be in touch with you in the morning and tell you what to do.

"The next morning, I did receive a call from Mr. Payne's office indicating I should go ahead and do the technical review. We would call it like it was."

Do you remember anything like that or is that different?

Mr. **Payne**. That is just totally embellishment on the conversation and what went on. Nothing like that went on.

Mr. **Volkmer**. Mr. Face.

Mr. **Face**. Yes, sir.

Mr. **Volkmer**. You were in this conversation by telephone.

Mr. **Face**. Yes, sir.

Mr. **Volkmer**. And these were proposals for sole source.

Mr. **Face**. Yes, sir.

Mr. **Volkmer**. And you heard me mention alleged conversations that took place. Do you remember those?

Mr. **Face**. Ostensibly, yes, sir.

Mr. **Volkmer**. Were any of these words to you said about Mr. Payne saying he understood what his orders are?

Mr. **Face**. No, sir. I don't recall that remark.

I would like to go back to the original telephone conversation.

Mr. **Volkmer**. All right.

Mr. **Face**. I contacted Mr. Payne. After visiting with folks in the Acquisition Management Office, I informed Mr. Payne there would be three unsolicited proposals arriving at NETC, and that because these unsolicited proposals had been in the agency for close to 3 months, I needed for him to see that a technical review was conducted as soon as possible, and that I would like to have a response from that technical review by close of business the following work day.

Now, the telephone conversation that is referred to in the current discussion was when Mr. Payne called me back, gave me the results of the technical review, and he has already described essentially what that technical review was, that we could not use the proposals.

I asked Mr. Payne to reduce the results of the technical evaluation to writing, and address that response to the Acquisition Management Office.

I then notified the Acting Director of the Acquisition Management Office that the results of the technical review would be in his office the following workday.

Mr. **Volkmer**. Who was the Acting Director of the Acquisition Office?

Mr. **Face**. Joe Pegnato.

Mr. **Volkmer**. All right.

Now, when you got these, these had been sitting around FEMA for 3 months. Now all of a sudden we have to do a technical review. How come?

Mr. **Face**. Sir, the technical evaluation should have been conducted long before this time. However, the backload of work at the

Office of Acquisition Management resulted in, as I understood it, several unsolicited proposals not being acted on within a timely manner.

Mr. VOLKMER. Why did they have to be acted on now and by the next day?

Mr. FACE. Because they had been in the agency for an inordinate period of time.

Mr. VOLKMER. No one brought these to your attention.

Mr. FACE. The Director asked me to find out where these three unsolicited proposals were, what the status was, and do what I could to get a technical evaluation completed on them, and an Agency response in the mail to the company that had submitted the unsolicited proposals.

Mr. VOLKMER. Now, this was by request of the Director, Mr. Giuffrida.

Mr. FACE. That is correct.

Mr. VOLKMER. Mr. Giuffrida, how did you come to ask to get these reviews done on these proposals?

Mr. GIUFFRIDA. Mr. Chairman, hardly a week goes by that I don't have someone come to me at some activity and say, "Mr. Giuffrida, I have this great idea." They range from computer systems to bicycle-powered air evacuation systems for air-raid shelters.

And I have a stock response: "Send it to the Agency. I will put it in the stream. It will be properly evaluated, and we will let you know whether or not we can do something."

About 95 percent of those, if they come in, there is no follow-on calls. On the other hand, the other 5 or so percent that come in, after 30, 60 or 90 days, were resubmitted.

In this case, I forget the name of the company, called up to find out the status of the unsolicited proposal. Now, in this particular case, I think that you are referring to the one involving Mr. Serio.

When he called I turned to my staff and I said, "For God's sake, find out what the status of that thing is. If it is no, tell him no. If it is yes, tell him yes."

This is not a peculiar set of actions as far as I am concerned. I think that the bidder, whether solicited or unsolicited, has a right to get an answer within a reasonable period of time. That was the whole purpose of it.

And I have done that on other occasions when people have called. And I couldn't even tell you who the person was, the firm was, that submitted the proposal. When they called me, if they get through to my phone, I say, "I will have somebody check on it and get back to you," and my instructions are always the same: "Find out what it is, tell him yes or tell him no, but the guy is entitled to know."

Mr. VOLKMER. Mr. Serio was an acquaintance of yours?

Mr. GIUFFRIDA. Mr. Serio was in my class at the Army War College in 1969, and I saw Mr. Serio in 1981 when I came to Washington. Most of my class in the War College were people like the Vice Chief of Staff of the Army and the commander in chief for Europe, and so on.

As you know, we have a war college alumni association. Serio and I and other classmates went to lunch once or twice, perhaps, I don't know. And one of these periods, when Serio came, he said, "I have an idea."

I said, "Frank, submit your idea; it will go in the stream and it will be processed like everything else. We get lots of unsolicited proposals. Add yours to this stream."

That is the way that one went down, sir.

Mr. **Volkmer**. All right. Then you had lunch with Mr. Serio around the 7th of May, I understand.

Mr. **Giuffrida**. I don't know, sir. I would have to go and dig out my calendar, but I had lunch with him at least twice that I can recall, because I can remember who was with us at the lunch.

Mr. **Volkmer**. I think if you look at your calendar, according to the information I have, your calendar shows you had lunch with him on May 7 and then this thing was activated around the 10th of May, Mr. Face?

Mr. **Face**. Give or take a day or two, yes, sir.

Mr. **Volkmer**. And you can understand from the testimony that we have heard, especially from Mr. Turner, it leaves a serious impression, Mr. Giuffrida, that the impression is not "process them and see what can be done about it," but "process them and let's get on board with them."

Mr. **Giuffrida**. Mr. Chairman, I wouldn't presume to interpret what Mr. Turner said or somebody else.

I can speak with absolute certainty, however, of what I said, and what my instructions were, and what part, if any, I played in this or any other contract.

I have never, since I have been in that Agency, been involved in trying to influence the decision of the Acquisition Review Board in the awarding of any contract. And I state that, sir, categorically. Neither for nor against.

Mr. **Volkmer**. Now, it is obvious to me what Mr. Turner says occurred is not the same as what Mr. Payne has said occurred. Of course, both parties are under oath.

Now, there is something some of us are going to have to look at very seriously and review this testimony. I doubt, necessarily, we are ended here on this question.

Mr. **Giuffrida**. I would suggest however, that perhaps the principal measurement that should be applied is whether or not the contract was awarded.

Mr. **Volkmer**. No; I don't think that is the principal measurement as to whether or not there was an attempt made to award a contract that should not have been awarded, and it was not done.

Mr. **Giuffrida**. I will tell you again, categorically, under oath, that I have never attempted to intrude myself into the process either for or against any proposal solicited or unsolicited.

Mr. **Payne**. Mr. Chairman, may I add, under oath, the Director has never discussed this case with me at all.

Mr. **Volkmer**. I am not saying he has.

Mr. **Payne**. At any time.

Mr. **Volkmer**. You discussed it with Mr. Face.

Mr. **Payne**. I would be happy to submit myself to the polygraph on this question if Mr. Turner feels that I am not telling the truth as I see it here.

Mr. GIUFFRIDA. My discussion with Mr. Face was with Mr. Face, and Mr. Fravel Brown, from my personal staff. And it was precisely, sir, what I said in effect, "For Christ's sake, find out and give the man an answer. If it is a yes, it is a yes; and if it is a no, it is a no."

Mr. VOLKMER. Mr. Face.

Mr. FACE. Yes, sir.

Mr. VOLKMER. You heard the Director, Mr. Giuffrida, express his view as to the conversation he had with you. Is that correct? Or were you informed to have those proposals, unsolicited proposals, reviewed and approved?

Mr. FACE. Mr. Chairman, I am well aware of the fact that I am under oath. And I have given my testimony and to answer your question again, I understood the Director when he gave me the instructions initially. I followed those instructions. I communicated to Mr. Payne that we wanted—I wanted an expeditious review, technical review, conducted, and to inform me of the results of the review.

There was no indication communicated verbally or otherwise as to what that technical review was to result in. Just that a technical review was to be conducted.

Mr. VOLKMER. All right. Thank you very much.

Now, on another subject, Mr. Giuffrida, on the support for the International Management and Development Institute which, as I understand it, FEMA has supported to the extent of $100,000; is that correct?

Mr. GIUFFRIDA. I think that number is correct, yes, sir.

Mr. VOLKMER. Now, was there a proposal on this?

Mr. GIUFFRIDA. That proposal came in. It didn't come to me directly.. It was run through to the general counsel. And I think he can probably give you a very concise summary, sir, of what the actions were on that.

Mr. VOLKMER. Was there any review by the people at FEMA on that, as to whether or not it should be funded or not?

Mr. GIUFFRIDA. Yes, sir, I am sure there was.

Mr. VOLKMER. And was there any statement made to anybody as to whether or not that should be approved or not approved.

Mr. GIUFFRIDA. You mean by me?

Mr. VOLKMER. By you or anyone else to your knowledge.

Mr. GIUFFRIDA. Not to me. I didn't make any. Nor do I know of anybody else that instructed people to approve it. When the proposal came in from IMDI, it was put in the stream, as is everything else.

Mr. VOLKMER. Now, when was that proposal submitted to FEMA?

Mr. GIUFFRIDA. Mr. Chairman, the only conversation I ever had on it was with one of my people in the National Preparedness Programs. I said, "Is this a good proposal?" He said, "Yes, it is." But that was the extent of it. That was just him and me. Not in the process of this.

Mr. VOLKMER. Do you have any idea——

Mr. MARTIN. We have a document that indicates it was May 1984.

Mr. **Jett**. I believe we were considering the package in April and May 1984. I was not involved, nor was my office, in the merits of the package.

A question did come up to us with regard to whether General Giuffrida's service on a policy committee on national security affairs of the IMDI organization, which is a not-for-profit organization, would in some way be compromised or raised into question in terms of a conflict of interest. My office rendered an opinion to the acquisition management office.

I have it before me, if you would like it for the record.

The decision was that General Giuffrida's position on the policy committee would not in any way raise a question of conflict of interest. He was not in a paid position. It was simply an advisory position.

He served actually, I think—several Members of the Congress also serve on the other committees of IMDI, as well as people in the private sector and other executive agencies.

But the question was raised to my office, if it would be proper for the agency to give this outfit a grant, assuming we liked their plan, in light of the fact that the General was on their policy board, and my office rendered an opinion there was no conflict of interest.

Mr. **Volkmer**. Mr. Giuffrida, did you or did you not, on December 10, 1983, write a letter to Gene Bradley, Chairman of the International Management and Development Institute, to the effect that FEMA intended to support the Fowler-McCracken Commission?

Mr. **Giuffrida**. Yes, sir, I did. I don't remember the——

Mr. **Volkmer**. In the amount of $100,000?

Mr. **Giuffrida**. I don't think I said a number in that letter. Yes, it does. I have it in front of me.

This is the context in which I asked Mr. Dickey, one of my SESers who works in this area, prior to this letter. I don't see the blame line on the letter, but my recollection is that it was prepared down there in Dickey's shop and came upstairs.

Mr. **Volkmer**. Well, Mr. Giuffrida, some of the problems that I have in trying to remain objective on these hearings and go through it after reviewing the documents, and now listening to the testimony, is that the proposal isn't submitted until after you write the letter to the person telling him that you are going to give him $100,000.

Mr. **Giuffrida**. Yes, I can see that.

Mr. **Volkmer**. And then we hear Mr. Turner and Mr. Coyle earlier on another subject matter, and involving a proposal, or three proposals, unsolicited also, that come before your agency, and we hear them testify that they felt pressure was being put on them to support those unsolicited proposals that came from a friend of yours.

Mr. **Giuffrida**. Well, not a friend; an acquaintance.

Mr. **Volkmer**. An acquaintance. Somebody you had lunch with 3 days before.

Mr. **Giuffrida**. In my book, there is a difference between friend and acquaintance. However, that is not necessarily——

Mr. **Volkmer**. I will call it acquaintance.

Mr. **Giuffrida**. I think that is more descriptive.

My recollection of this was that the discussions were between Mr. Bradley of IMDI and FEMA were held at one of my directorate levels. And before I would make a commitment, I talked with John Dickey and the others in that office to be briefed up on whether we should say to IMDI "No; we are not interested," or whether it was something that was, in fact, of value to FEMA in the completion of its functions.

And after they came up and told me that we would benefit from this, this letter was written to say, "OK, we are prepared to go with a grant for $100,000."

That is, to the best of my knowledge, that is the way that thing transpired.

Mr. VOLKMER. All right. That is fine as far as that transaction is concerned, except I have one other comment I would like to make.

And that is, I have been provided a copy of the draft of the work that is being done in behalf of the Fowler-McCracken commission, policy committee on national security, supposedly for that $100,000.

Mr. GIUFFRIDA. Yes, sir. I think you probably have a draft, haven't you?

Mr. VOLKMER. I sure do. It sure better be a lot better than this or I am going to raise heck on the floor of the Congress about spending $100,000 for reviewing speeches made by Cap Weinberger, including speeches of yourself and others. And that is——

Mr. GIUFFRIDA. Sir, you have the advantage over me. First of all, I have not seen the draft yet. And second, of course, the whole purpose of having a draft submitted first is to make sure that we are getting what we asked for.

Mr. VOLKMER. I hope we get what we asked for.

Mr. GIUFFRIDA. I will do my best to ensure we do.

Mr. VOLKMER. And that we are not just putting people on the payroll for good taxpayers' dollars. Because if we are, that to me is what I call high-price welfare.

Mr. GIUFFRIDA. And I agree with you.

Mr. PACKARD. Mr. Chairman, would the chairman yield?

Mr. VOLKMER. You mentioned you are chairman of that committee, right?

Mr. GIUFFRIDA. No, I am cochairman. Senator Jepsen was. But there is a replacement now for Senator Jepsen. I don't know yet who that is. I think it is Senator Garn.

Mr. VOLKMER. The gentleman from California.

Mr. PACKARD. Just to ask a question or two.

Formal competition in these areas is normally required on most contracts, is that true?

Mr. GIUFFRIDA. That is correct.

Mr. PACKARD. And on grants, is the same procedure followed?

Mr. MARTIN. No, sir. To a nonprofit organization, a grant may be given without competition.

Mr. PACKARD. Is that normally the procedure?

Mr. MARTIN. Yes, sir.

Mr. PACKARD. According to the instructions I received, that is the case.

Mr. VOLKMER. May I interrupt for a minute?

On many unsolicited proposals, they do not necessarily have to meet competition, is that correct?

Mr. GIUFFRIDA. No, an unsolicited proposal by definition is, we meet some place, and you say, "Jeff, I have this great idea," or, "Mr. Giuffrida, or Mr. Volkmer, I think FEMA could use it, or I think science and tech agency could use it. What do I do with it? Who do I talk to?"

And I would suggest that every department and agency head is confronted with that almost on a daily or a weekly basis. Most do the same thing I do.

I say, "Send it in and we will throw it in the stream. If it is a good idea, it will surface as a good idea. If we have the money, we will pursue it. If it is not a good idea, if we can't use it, it may be a good idea but not for us. We will tell you our evaluation."

Mr. VOLKMER. Even if it is a good idea, it doesn't have to go through a competitive process, is that correct?

Mr. MARTIN. Yes, that is correct.

Mr. VOLKMER. The question of the gentleman from California would lead me to believe that there was a difference between what was occurring——

Mr. MARTIN. There is a difference between the Serio contract and the IMDI grant. One was a grant; one was a contract.

Mr. PACKARD. That is the difference I was pointing out. Normally, the process is different for grants that it is for your normal contract.

Mr. MARTIN. Yes, sir.

Mr. GIUFFRIDA. Unsolicited or not, if it requires a contract, Mr. Chairman, it has to go through the process.

Mr. PACKARD. And the general feeling was, if the chairman would further yield, the general feeling was that the Fowler-McCracken commission was a high-level bipartisan type of a commission that normally would represent a broad network of regional leaders that therefore would justify the sole source of issuing the grants.

Mr. GIUFFRIDA. That is correct, Mr. Packard; and they are heavily involved, for example, with the national defense university in a lot of areas where we, too, are involved.

Mr. VOLKMER. The gentleman from Texas.

Mr. ANDREWS. Thank you, Mr. Chairman.

I want to ask a couple of questions. Not to be redundant about this, but do any of you know, but specifically Mr. Giuffrida, if there are other agency heads in the Federal Government that are also members of this board?

Mr. GIUFFRIDA. I don't have the thing in front of me. I think the chairman has the membership. It is a fairly extensive and impressive list of people.

Mr. ANDREWS. You are not vouching for the work product?

Mr. GIUFFRIDA. No. But I am interpreting your question to mean, is it reasonable to assume that IMDI is a credible and serious operation.

Mr. ANDREWS. I assume it is credible and serious. I am just trying to understand, if I can, and appreciate the line of questioning here so I can appreciate where there may be a problem.

You didn't receive anything for this $100,000 yourself?

Mr. GIUFFRIDA. Not yet. You mean as a person?

Mr. ANDREWS. Yes.

Mr. **Giuffrida.** Oh, no.

Mr. **Andrews.** Your agency has not gotten anything for the $100,000 yet?

Mr. **Giuffrida.** Well, I would suspect that if the chairman has a copy of the draft, there is a copy of the draft somewhere in the agency, and it is being processed right now. But it has not yet come up to my office for me to review, Mr. Andrews.

Mr. **Andrews.** Do I gather then that in grants such as these, you, as the Director of FEMA, have certainly much more discretion in where the grant money goes than, say, you would have a contract for cleaning up after a disaster or where competitive bids are made?

Mr. **Giuffrida.** Well, the simple answer to your question, sir, is that yes, a grant, since it does not require bids, is an easier process. But whether it is a grant or whether it can be handled with a grant or whether it is going to require a contract, I have the same internal system to evaluate it to see whether or not it is something from which we have a reasonable chance of getting something productive.

Mr. **Andrews.** In this instance, did you follow that system?

Mr. **Giuffrida.** Yes, sir; we did.

Mr. **Volkmer.** Would the gentleman yield?

Mr. **Andrews.** Sure.

Mr. **Volkmer.** I would like to draw to the Director's attention some things in this draft report that are a little bit of concern to me, if it takes $100,000 to put something like this together. That is, we find on the first two pages—and this, as I understand it, is on the carpet stake and industrial preparedness and our being industrially prepared—and the first two pages are kind of a summary of the things that need to be done a little bit. Then we get into executive summary by General Stillwell and Henry Hoffmeyer, and that is three pages. And then we get into report summary, 10 conclusions on industrial preparedness. And, to be honest with you, I reviewed most of those. There isn't anything that I think there is hardly any Member of Congress doesn't know already.

Then the unfinished agenda in there, and then we get into how business can help strengthen national security by Caspar Weinberger. And I understand that this was a speech given somewhere, and it is just a copy of that, "Summary of Remarks by Hon. Caspar Weinberger before IMDI Board Council meeting on November 13, 1984."

And then we have another one that is a "Government Business Cooperation Industrial Preparedness Historical Perspective" by Hon. Henry H. Fowler.

And we can go right through this thing—summary remarks that they gave before the same council meeting on November 13, 1984; and then results of the Fowler-McCracken Commission Policy Assessment on National Security Industrial Preparedness presented by Hon. Louis O. Giuffrida and Hon. Lawrence J. Korb, Assistant Secretary of Defense for Manpower.

Mr. **Giuffrida.** You have the advantage over me, Mr. Chairman. That report, I understand, was submitted on Friday. I still haven't seen it, so I feel ill-equipped to respond specifically. But I assure you that I will go over it very carefully when the copy comes upstairs to me.

Mr. Volkmer. I appreciate that, because then we follow charts. For $100,000?

Mr. Giuffrida. I can only repeat myself, sir. I have not yet seen the report. I will study it very carefully when it comes to me; and I will let you know what my analysis of it is.

Mr. Volkmer. I would like to ask you one other question. This may be small with regard to the total budget and everything, but from somebody that is trying to make do with things as they exist and everything, it is always a little offensive to me to find that Government agencies or other agencies that the Government supports are using the Watergate as a base.

Mr. Giuffrida. I didn't select the Watergate. They happen to have an office in the Watergate.

Mr. Volkmer. But we are paying the rent. Some of that $100,000 went to pay the rent.

Mr. Giuffrida. I can't respond to that. I don't know. But I agree with you, the Watergate is not the most popular name to give a building, but it was something that was there when I got involved.

Mr. Volkmer. It is fairly expensive, isn't it?

Mr. Martin. Mr. Chairman, may I add that it may be helpful to the committee if we sent out a copy of the scope of work of what this organization is supposed to do, and I believe this is just one of a few projects we are supposed to do.

Mr. Volkmer. Correct. That is just one of the few projects, right, but this is the one basically that the $100,000 was going for, isn't it?

Mr. Martin. That is why I want to send the scope of work out to explain the various things they are supposed to do. That may be just one of them.

Mr. Giuffrida. You can appreciate I have no way of controlling what their address is.

Mr. Volkmer. Mr. Giuffrida, one other thing that I know has been a problem with you and with another subcommittee of this Congress for some time, and that is the use of Government automobiles for providing transportation to and from home. And I understand you are not doing that any more as of the first of this year.

Mr. Giuffrida. No; as of October.

Mr. Volkmer. As of October?

Mr. Giuffrida. Last year, that is correct, sir.

Mr. Volkmer. How do you now travel from home to the office?

Mr. Giuffrida. In my own car.

Mr. Volkmer. And do you drive it?

Mr. Giuffrida. Yes; and I always drove it, when it was a government car, I drove it and I paid for the gas.

Mr. Packard. I was going to say, Mr. Chairman, in your opening statement you referred to chauffeuring, and I don't believe that was correct.

Mr. Giuffrida. I paid for the gas, and I have the receipts, and I was not chauffeured, and I am not chauffeured now. And I drive my 1980 four-door blue Lincoln Versailles to and from the office. Sometimes my son lets me use his 1972 VW.

Mr. **Volkmer**. Now, since 1980 you have had, according to our review of the records, 9 contracts, $3.7 million, with IMR.

Mr. **Giuffrida**. I can't respond. IMR has been working for FEMA long prior to my arrival, so I am really not equipped to speak to when those contracts were done.

Mr. **Volkmer**. Now, we have a list of them. I won't go into that right now except I do want to ask about one that caused me some concern when I first saw it; and maybe it is because I don't know what all goes into these things. But as one who has planned and had quite a few functions, as I understand it you paid IMR—FEMA did—$141,144 to plan the sixth annual U.S. Fire Administrators Conference, to plan it.

Mr. **Martin**. No; I can't respond to that.

Mr. **Giuffrida**. I can't respond to that; I don't know.

Mr. **Volkmer**. You mean we spent that much money and you don't know anything about it?

Mr. Payne, do you know anything about that?

Mr. **Payne**. I would ask what year? IMR has not done it. I came in January 1983.

Mr. **Volkmer**. That was probably before your time, then.

Mr. **Payne**. I don't know anything about that one.

Mr. **Giuffrida**. I don't know anything about that.

Mr. **Volkmer**. We will have to get the date. I don't have it. It looks like around 1981, but we will just have to get that. But none of you know anything about that. OK.

Now, in curriculum development, as I review these, we had one that was done for a period from March 1982 to September 1983, paying $827,723; and then for curriculum development, editorial support evaluation assistance from November 1982 to September 1984, $1.5 million-plus. Then for a period of December 1981 to September 1982—before that curriculum development, editorial support, evaluation support, Fire Academy NETC, $418,000. January 1984 to October 1984 curriculum development, editorial support, $380,000 is paid to date on that one.

My question is, again as one on the outside, and perhaps you can help me with this—I understand we do quite a bit of training. There is no question about the Fire Academy and——

Mr. **Giuffrida**. Emergency management.

Mr. **Volkmer** [continuing]. Emergency management. I won't argue that. But what I see here is a continuing development of curriculum at a pretty expensive rate.

How long is this going to continue that we continue to develop curriculum? Firefighting, I know, changes some. There are changes made in it, and changes should come in that curriculum. But, basically, many of the things that have been done in the past remain the same.

Mr. **Giuffrida**. Well, some remain the same, yes, sir. But I think that there is—the training, to be valid, has to keep reasonable pace with proliferation and in products which are hazardous or which are innocuous by themselves, but can become hazardous when combined with something else; with new techniques, for example, in the use of microcomputers in both fire management, and fire incident control in emergency management. And with your indulgence, I will take a couple of minutes and tell you what has been going on.

There are some pretty wonderful things—in spite of legitimate concern about some of the contract questions, there has been some pretty fine things happening in training for the first time in the United States at the National Emergency Training Center, and some very, very good ideas, most of which came from Fred J. Villella.

The problem with the way this country dealt with emergencies, including many in our respective parts of the country, for years was that we dealt by type. And then the Congress would pass a law, like the Fire Prevention and Control Act or the Flood Hazard Reduction Act or the Civil Defense Act, and give them to some part of Government, separate parts of Government, to be implemented.

In most cases, almost without exception, they went both literally and figuratively into the basement. And what we have done that was different is take cognizance of a couple of things. Governments are supposed to protect their citizens. That means citizens have a right to demand a predictable and effective, acceptable response to anything that threatens their well-being. That won't happen if the people who are doing the planning for and the responding and taking the mitigated actions don't understand the process.

People such as I, who am appointed—am a transient. But the institutional memory is in the nontransient. And so NETC was established to buy into that nontransient segment of Government at every level, to build on a generic basis an integrated emergency management system. And we spend millions of dollars at the State level to build emergency operation centers to bring thousands of people into the training facilities.

One of the good ideas that Mr. Villella had at NETC, for example, was to expand training into the colleges and universities. And we got involved with the college and university systems with the public administrators, and have been working for 2 years with them to build a curriculum so that that will go into undergraduate and graduate level public administrators who are peripatetic.

So that the training—if the training is static, it will fall behind. It doesn't mean that you have to scrap everything every time, but there has to be a continuum of evaluation, reidentification of training objectives, and so on.

I won't address specific dollar amounts, Mr. Chairman, but the need to continuously review the training, I think, is a well-established one. And, yes, we are trying to do it and have been trying to do it within the constraints that the dollar has imposed upon all of the Government.

Mr. **Traficant**. Mr. Chairman.

Mr. **Volkmer**. I want to ask one other question in regard to this, and that is, again, as one on the outside and I am not denying that you have done some good work at FEMA.

Mr. **Giuffrida**. Yes, sir, we have.

Mr. **Volmer**. There have been some things done. But I still have the problem of these funds which, to me, and I think to a lot of people, amount to a lot of bucks going to develop curriculum, especially when you have people on board at FEMA that I think could be able to work on developing curricula and doing curricula.

Mr. GIUFFRIDA. Mr. Chairman, you are absolutely correct when you suggested that we need to be continuously evaluating our own in-house assets. As a matter of fact, our plan to fill that break between the expiration of the Triton contract and the awarding of the overall support umbrella contract for which we are going out to bid, is to do that to the maximum extent possible, is to reach out in the entire agency to grab assets that can be used as stop-gap in that process.

But I would suggest again, sir, that the kind of informed, critical evaluation curricula has to be done by specialists in that business who can then factor in whatever the budget permits in terms of FTEs, in terms of upgrading capital investments, to upgrade computer systems, and things of that sort.

Mr. VOLKMER. I recognize the gentleman from Ohio.

Mr. TRAFICANT. Yes, I can understand basically some of the things you just expounded upon, except to say that you do have about 100 professionals that can develop curriculum. My understanding of outside contracting is for those particular areas where you do not have an in-house staff to do those types of things.

As far as curriculum is concerned—and if I am mistaken, perhaps you could correct me—how much staff do you have available to do those types of things that are being contracted out?

Mr. GIUFFRIDA. Well, most of the detailed answers to the questions on that part of the operation up there I think you can get when you have Mr. Villella and the NETC people up here in front of you, Mr. Traficant. But I think it is important to remember that all of the staff doubles in brass in a variety of ways up there, as we do down here.

We are, again, reexamining—as Mr. Volkmer and you are correctly suggesting—the number of dollars that go to do work by contract. And we are making an honest and continuing effort to keep those dollar contracts to the minimum essential. I don't know what more adequate answer I can give to you than that, Mr. Traficant.

Mr. TRAFICANT. One other question.

Were you aware of the fact that at the time before that contract was awarded, that they had owed $1 million in back payroll taxes?

Mr. GIUFFRIDA. I am sorry. I can't hear you.

Mr. TRAFICANT. Does not the IMR Corp. owe $1 million in back taxes?

Mr. GIUFFRIDA. No, I know nothing about that., I knew nothing. I would have no way of knowing what their back tax situation is.

Mr. TRAFICANT. Well, let me expand upon that just briefly here.

Isn't it a fact that the Defense Contract Auditing Agency found that they would have had an inadequate accounting system; in fact, recommended they should not be given any Government contracts? Were you aware of that?

Mr. GIUFFRIDA. I was not until the DCAA told the agency. But that was after the fact.

I have great faith in the GAO and in DCAA, as a matter of fact, to help identify problems. And I would point out to you that before I was confirmed, one of the things I asked for through Senator Tower was a GAO baseline audit of FEMA. What they found is listed in my statement.

But, among the things that they found, Mr. Traficant, was 119 or 120 major administrative deficiencies which ranged all the way from no contract system, no job descriptions, no budget preparation system, no financial accounting and reporting system; and 26 major financial and accounting deficiencies.

We were in pretty rough shape, and we have been playing catch-up ever since. And I won't pretend to you or to the Chair or anybody else that we have caught up completely. But I will say categorically that while government is never perfect, it is supposed to show measurable improvement. And, by any objective examination, we have made measurable improvement. And our records, for example, will stand comparison with the rest of Government.

Now, we are fighting as hard as we can to do the things that the Congress wants us to do.

Mr. TRAFICANT. One last question.

Do you have an aide by the name of Mrs. Paula Smith-Elsey?

Mr. GIUFFRIDA. No, I do not have an aide. Paula Smith-Elsey worked at the California Specialized Training Institute. She worked primarily in the preparation of and implementation of a comprehensive emergency management exercise.

When I was asked to come to Washington in February of 1981, Mrs. Elsey came with me and with a couple of other people I brought with me. To the best of my recollection, she left FEMA about May of 1981 and came in to tell me that she had decided that she didn't like working in Government, and, to the best of my knowledge, went back to California, though, I confess, I didn't track Mrs. Smith.

The next time I saw her was, I think, a year or two later when she was here working for IMR. She was a very competent member of the staff, and I was sorry, frankly, when she decided to leave.

Mr. TRAFICANT. Do you have any knowledge of the fact that she may be married or is married to the head of IMR's FEMA contract shop?

Mr. GIUFFRIDA. Love is a many splendored thing, Mr. Traficant. I have no way of defining, deciding or even intruding into whether Ms. Smith chose to marry Mr. Elsey or anyone else.

Mr. TRAFICANT. So, it is your testimony you know nothing about——

Mr. GIUFFRIDA. Absolutely nothing.

Mr. TRAFICANT [continuing]. About the fact that she is married——

Mr. GIUFFRIDA. I know she is married to him. Really, in fact——

Mr. TRAFICANT [continuing]. To the head of IMR's FEMA contract shop? You didn't know that then? Is that your testimony.

Mr. GIUFFRIDA. Say again?

Mr. TRAFICANT. You did not know that she was married to the head of the IMR contract shop?

Mr. GIUFFRIDA. I did not know until she got married. I did not know. And shortly after they were married, or shortly before they were married, Ms. Smith—I don't know when they got married. We are both even on when they got married.

Mr. TRAFICANT. That is all the questions I have.

Thank you, Mr. Chairman.

Mr. VOLKMER. The gentleman from California.

Mr. PACKARD. Thank you.

The section 8(a) minority status companies or corporations, do they competitively bid for work with FEMA?

Mr. MARTIN. They do not have to bid, sir; 8(a) is a process where the private businesses may apply directly to SBA for certification, and SBA certifies them to us as a legitimate 8(a) contractor, and we utilize them if we request that.

Mr. PACKARD. But you do have, of course, the option to look at other section (a)——

Mr. MARTIN. No. In other words, in IMR's case when their solvency was questioned, our General Counsel and IG visited—and he can expand on that—visited SBA to question this, and they had no problem with it. If we asked them to take IMR off and give us another contractor, I guess we would have to negotiate that.

Mr. PACKARD. Is it not true that IMR was placed on some kind of a special arrangement?

Mr. MARTIN. They were certified to us as an SBA 8(a) contractor.

Mr. JETT. They are certified under section 8(a) of the Small Business Act, sir. It is a special procurement authority that the Small Business Administration has. They certify these firms as minority entrepreneurship firms for all the Federal agencies—Defense Department, GSA, FEMA, HHS. All the agencies that buy across the Government are encouraged, frankly, to look to the SBA list of minority entrepreneurship firms to contract with them. And we have contracted with IMR through the 8(a) program.

If we choose to go into the 8(a) program for a minority firm, we go into a system that the law requires be sole source. In other words, we don't have the latitude of competing for several 8(a) firms and saying, "Is IMR the best one, or is another firm?" We simply go to SBA, and SBA designates the firm. And until they remove the designation, that is the firm that we are to contract with under that program.

This year, if I may just continue, the IMR and Triton contracts, as the Director indicated earlier, will be expiring shortly. The main part of the Triton contract has already expired. The IMR contract is also expiring this spring. And we are going out with a competitive solicitation for the whole market.

So the award that we will make in July will not be an 8(a) award. We are going to go to the full marketplace for that. We will probably have a Small Business set-aside. That is not yet determined. We would hope that solicitation will be issued about the middle of this month.

Mr. PACKARD. If you are dissatisfied with the appointment of specific minority status corporations that SBA makes to you, what procedures do you have to maybe either change or to at least inform?

Mr. JETT. Well, we go to the SBA, as Mr. Martin indicated we did. When the IG's Office was going through its review of the IMR records and billings and performances, certain questions came up. They did receive the paper that the Director mentioned from DCAA—I don't remember how long ago that was received; it is not an old record; it is a fairly recent record—but as to their situation with the IRS. But, in any event, that is not for us to decide one way or the other.

We took the information we had. We visited with the SBA IG and the SBA General Counsel. That was about 6 months ago, I believe.

Mr. PACKARD. They are now on a critical services contract basis only?

Mr. JETT. Sir?

Mr. PACKARD. Are they now on a critical services contract basis only?

Mr. JETT. I don't know what you mean. Do you mean, is our current relationship with them on a fairly limited basis?

Mr. PACKARD. Yes.

Mr. JETT. Yes, it is. Our contract with IMR is in a substantially pulled down relationship to the one we had before, but when we visited this, we would rely upon SBA to tell us if Triton should continue to qualify as an SBA firm or should not. That is an SBA decision.

As long as SBA qualifies them, if we choose to stay in the 8(a) program with the minority entrepreneurship firm, we would stay with IMR.

Mr. PACKARD. Is it FEMA that——

Mr. JETT. They will not certify another firm for that performance until IMR loses its certification. We cleared that with SBA.

Mr. PACKARD. Is it FEMA's decision or SBA's decision to limit the arrangements with a firm like IMR?

Mr. JETT. Well, that is what the SBA Act basically authorizes.

If I could maybe just review and try to be simple, the SBA is authorized to identify a whole array of minority entrepreneurship firms. So, let's say they had several hundred firms that might be able to perform a service like this. We would go to them and say:

> Would you give us an 8(a) firm to consider this type of work for us, because we think it is work that a minority entrepreneurship firm should be able to perform. Particularly in the service contract area, that seems to be a good area for minority entrepreneurship firms.

So, we would go to SBA. SBA would choose the firm.

So if you are asking me who chose them, SBA would choose the firm. We stay with IMR or Triton—depending on who the firm is that has been chosen by SBA—we stay with them as long as SBA continues that certification to that firm. If the firm gets in some kind of financial difficulty, performance difficulty, whatever, the triggering mechanism that would move us away from contracting with the firm would either be a decision on our part to disassociate ourselves with the firm and readvertise, which is a decision that we are now making, we are readvertising, or the SBA would withdraw their certificate.

I believe as of today though, they have not withdrawn the certificate from IMR. I believe that is correct.

Mr. PACKARD. I understand they are investigating whether it is, in fact, a minority entrepreneur firm; is that correct?

Mr. JETT. I think they are, but I don't know the status of that investigation.

Mr. PACKARD. Until that is done, you still must stay with them.

Mr. JETT. They have certified no other firm to us. And the way that process works, they certify the firm to us.

Mr. PACKARD. Thank you, sir.

Mr. **Volkmer**. Thank you very much.

Does anyone else have anything on that topic?

If not, I want to thank you, Mr. Giuffrida, and all the rest of you, for being here today.

I do still have some concerns, Mr. Giuffrida, and basically the concerns are that it appears that there has been some light seemingly made of some of these allegations, and that everything is really rosy at FEMA. I can go back and review again—and I won't—some of the things that were brought out.

But it is true, as we know, that Mr. Villella, who we do have coming up later on, resigned after some allegations were made. That is why we were talking earlier about chauffeuring and things. I think they applied mostly to Mr. Villella.

As you know, the Justice Department is conducting a grand jury probe of some of these allegations, so there must have been something there in the allegations.

The Defense Accounting Agency, I think, has had some questions about the National Emergency Training Center. We now have, as I understand it, six or seven congressional subcommittees looking at FEMA, investigating it. So there has to be something, Mr. Giuffrida, that leads to all of this.

And I don't know what can be done, but I think that there has to be some responsibility laid somewhere as far as some of these activities—the lack of correct oversight. And I think that in the name of—as you have said, there have been some good things done. But in order to keep FEMA's name a good name, I think there still has to be further corrections. We just got through talking about IMR, but the question—and we will get to that later—those people, is it really still a minority firm? And that is not in your prerogative to determine. I know that.

Mr. **Giuffrida**. Mr. Chairman, I don't know how anybody could experience the soul-searing trauma to which I and the FEMA staff have been exposed for the past 6 or 8 months, and come up with a conclusion that we were treating it lightly.

I tell you, sir, that in my entire life I have never had an experience like this, nor do I suppose anybody else has had.

I don't pretend that we have solved all the problems. I make you a straightforward promise that the simple conclusion of this committee's legitimate inquiry into what was going on will not terminate my interest or the determination of FEMA to rectify things that need to be rectified, and to improve the operation.

But, I assure you, sir, none of us has treated any part of this lightly at any time.

Mr. **Packard**. Mr. Chairman, are you concluding with this group?

Mr. **Volkmer**. Yes. We will be concluding with this group and going on to the next panel. If you have anything you would like to say, go ahead.

Mr. **Packard**. I would like to enter a comment or two for the record. And I certainly don't in any way excuse any improprieties or poor judgments on any of those that might be accused.

But it does appear to me that this investigation has cost a significant amount of thousands of hours of staff time, which I believe that one report that I read indicated something in just staff time alone over $300,000 in costs. And, of course, at the same time it has divided a department. It has certainly interrupted ongoing work that is vital to this country, and it has had the effect of destroying and interrupting and interfering with relationships in a very important department, working relationships of one employee with another. Loyalty and efficiencies have certainly been interrupted. And it has impugned the leadership of a very important—and the management team of a very important department.

And, of course, the question has to come: For what? Well, certainly there have been some good things coming about it. I am convinced that this investigation has truly raised the sensitivity of this department in terms of fraud and waste and abuse. I am sure that they will be much more sensitive to those issues than ever before, and that is good. I certainly wish that every department in this Government would be sensitive to waste and fraud and abuse and the following of procedures.

Obviously, this investigation has taken this department a long ways in that direction. I am certain that every person in the department will be much more sensitive and cautious in terms of how and what they do, and how it involves propriety.

But I am not sure that there has been any intentional guilt that has been uncovered in this investigation. I am not sure but what maybe some disgruntlement has been the primary satisfaction. And the question constantly has to be asked by us and by anyone: At what cost, and was it all worth it?

Well, I don't suppose any of us will have an answer to that. But, nevertheless, I think—and, of course, this investigation is not through in terms of other companies. But I would hope that at the conclusion of these hearings that this department will be able to move forward and do their job and not be harassed and pummeled by further investigations other than through the normal legal processes that are now underway.

I hope that we can lay basically the accusations and the problems that have existed for the last year to rest, so that they can do their job.

Thank you.

Mr. VOLKMER. The gentleman from Ohio.

Mr. TRAFICANT. Yes.

Mr. Chairman, I would like to say that Mr. Giuffrida looked us in the eye and answered some tough questions. I am not familair with all the elements and the costs that have gone into this, and he has at least brought forward explanations that were brought to him here today.

Let there be no mistake that the questions that were brought forward were intended for any reason other than to be objective and to get to the root of the matter; and that hopefully that FEMA would become free of these types of allegations, if in fact they are unfounded. And if they are cause for further concern, that the process would so bring it forward.

So, with that, hopefully, whatever the cost has been, the process will serve that that Federal agency will serve people as it is supposed to.

Mr. VOLKMER. I wish to again thank you for being here.

That will conclude this panel, Mr. Giuffrida and the rest of them. We haven't heard yet from all the witnesses, and to be honest with you I am going to be here.

You can be excused at this time with the understanding, I hope, that in the event that something further comes from any other witness in this hearing, or something else from the transcript in comparison with others, that you would be available in the future.

Is that correct?

Mr. GIUFFRIDA. That is correct, sir.

Mr. VOLKMER. Thank you very much.

At this time, this panel will be excused.

Now we will proceed with Mr. Robert Goffus and Fred Villella.

Mr. PACKARD. Mr. Chairman, may I just for the record clarify one point?

On the last panel, it had it listed as "Current FEMA Employees." They are all current FEMA employees?

Mr. VOLKMER. That is correct.

Mr. PACKARD. Thank you very much.

Mr. VOLKMER. Why don't we just take Mr. Goffus first, and then we will take Mr. Villella after Mr. Goffus.

Mr. Goffus, I would like for you to raise your right hand and take the following oath. Repeat either "Yes" or "I do."

Do you solemnly swear that the testimony you are about to give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GOFFUS. I do.

Mr. VOLKMER. Thank you very much.

TESTIMONY OF ROBERT GOFFUS, FORMER INSPECTOR GENERAL OF FEMA

Mr. VOLKMER. Mr. Goffus, you are formerly the inspector general for FEMA?

Mr. GOFFUS. That is true, sir.

Mr. VOLKMER. You have been here, I suppose—I have seen you all day—through all this testimony, and you are cognizant of the work that has gone into the investigation of this subcommittee last year.

Would you not agree that the allegations—and I am talking about the allegations that led to this subcommittee's investigations and probes or conducted by you as FEMA IG—were serious?

Mr. GOFFUS. Yes, sir.

Mr. VOLKMER. And that the investigations that have taken place, not only by yourself and this subcommittee, but the grand jury and others, were the result of those very serious allegations?

Mr. GOFFUS. I would agree to that, sir.

Mr. VOLKMER. On September 2, 1984, in a memo that we have, that you wrote to Mr. Giuffrida, you started off by giving him an update on the progress of the investigation stating it cost some $293,000. You go on to say this investigation prevented the agency from recovering some $500,000. And I believe, if I remember right, those were in possible fraudulent flood claims and a long list of projects, but delayed, and because of the Darlington/Gore matters you finally say that a number of audits have suffered.

The whole tone of the memo was that this investigation has been a big waste of time and money.

Now, Mr. Goffus, which is it?

Mr. GOFFUS. No, sir; it was not intended to be a big waste of time or money. It was intended to show that with the very small staff that we had, we were, in fact, falling behind on disaster work, which is our No. 1 audit objective and our No. 1 investigative objective, which is the flood insurance aspects of FEMA.

Mr. VOLKMER. Now, this goes back some months, but prior to the hearing on August 1, 1984, when Mr. Villella was to appear, did you at any time ever brief him on that appearance?

Mr. GOFFUS. It was discussed with him, yes, sir.

Mr. VOLKMER. Do you remember what the discussion was about?

Mr. GOFFUS. The discussion, to the best of my knowledge—I have no paper now—to the best of my knowledge it was the type of questioning that would be asked; in other words, at that particular time, GAO was looking at building G. My investigation had begun on the Triton and IMR aspects of that and the general handling of contracts at the NETC in Emmitsburg. But there were several general briefings before we came before Mr. Gore's committee, sir.

Mr. VOLKMER. On building G, in your investigation of that and the, I believe, $175,000 additional that was put on, did it disclose to you the purpose of that second floor?

Mr. GOFFUS. No, sir; it did not. I didn't look at building G. The agreement with GAO's residents in our building—and I had a good relationship with the head of GAO—was that GAO would look at all of the remodeling of building G; I would stay away from that and I would audit IMR and Triton.

The head of GAO, during the course of their review of building G, and I, got together and discussed it, and he mentioned some allegations concerning Triton. At that particular time after that discussion, I proceeded with my staff to look at both Triton and IMR, since they made up the support service contracts for NETC. I did not look at building G at all, sir.

Mr. VOLKMER. How many other support contractors were there up there on curriculum, et cetera? I forgot to ask Mr. Giuffrida that.

Mr. GOFFUS. IMR and Triton were the predominant ones. I don't know of any others, unless they were very, very small, sir.

Mr. VOLKMER. Mr. Goffus, has Mr. Villella ever made any payments to FEMA to defray the cost of the Agency for his daughter's wedding?

Mr. GOFFUS. Yes, sir, he did right before the first hearing before Mr. Gore, sir.

Mr. VOLKMER. Who made the determination as to the amount of repayment due; do you know?

Mr. GOFFUS. A combination of Mr. Villella's staff at NETC, and then the submission was made to us to tie what we could tie with the audit work that had been done in an effort to say this is what he owed for this particular thing. It went down through his travel, through how many times he stayed at NETC overnight, how many times he used the car, how many times he used the time of the chauffeur, et cetera.

Mr. VOLKMER. What about the wedding at the chapel?

Mr. GOFFUS. To the best of my recollection, there was some time that he paid for of a particular employee that assisted in helping with that wedding. That employee was an IMR employee. Her time was charged to the IMR contract.

Mr. VOLKMER. Was there any determination made that he has reimbursed fully on those things that should be reimbursed on?

Mr. GOFFUS. On the basis, sir, of everything that we had at that time, yes.

Mr. VOLKMER. Has there been any payment since that time, since right before August?

Mr. GOFFUS. Not to my knowledge. Those checks were in the custody of the general counsel, Mr. Chairman.

Mr. VOLKMER. When you examined the contracts of IMR and Triton, did you find any discrepancies?

Mr. GOFFUS. Yes, sir. We found numerous discrepancies in both contracts.

Mr. VOLKMER. Were those brought to the attention of Mr. Payne or Mr. Giuffrida?

Mr. GOFFUS. Yes, sir. They were brought to the attention of Mr. Giuffrida's staff, and to the best of my recollection to the Director himself, sir.

Mr. VOLKMER. What were some of those discrepancies?

Mr. GOFFUS. The $2,000 billing for the Vice President's reception——

Mr. VOLKMER. Just a moment. Stop right there.

When did you bring that to the attention of Mr. Giuffrida or his staff?

Mr. GOFFUS. When the auditors found the billing.

Mr. VOLKMER. Was that last fall?

Mr. GOFFUS. Yes, sir. It had to be, probably. My guess, without having documentation before me, sir, would be probably September or October.

Mr. VOLKMER. In September or October, you brought to—can you remember who it was that you brought to the attention that FEMA had been billed for that $2,000?

Mr. GOFFUS. Yes, sir; to Mr. Martin specifically.

Mr. VOLKMER. You brought it to the attention of Mr. Martin?

Mr. GOFFUS. The word was already out on it via the contract monitor. We had the invoice. The investigators on my staff had the invoice. Nothing was discussed on it because we were looking to see whether we had paid that amount. At that particular time, it had not been paid, to my knowledge.

Then it was discussed. Once the word was out on that $2,114—that sticks in my head, sir—once that was out and we found out that those were four tickets, the equivalent of $500 per ticket, it was called to the attention of Mr. Martin.

Mr. VOLKMER. That hadn't been paid at that time?

Mr. GOFFUS. We followed through on it and found out that it had been paid.

Mr. VOLKMER. It had been paid?

Mr. **Goffus** It had been billed and it had been paid. Once it was called to the attention of the contractor, it was later credited to FEMA's account, sir.

Mr. **Volkmer.** It was later credited?

Mr. **Goffus.** Yes, sir. In other words, Triton gave us a credit.

Mr. **Packard** So it was reimbursed?

Mr. **Goffus.** That's right, credit. They said it was an error. They said they should not have charged it. It was an error and it was later credited to FEMA's account.

Mr. **Packard.** Mr. Chairman, would you yield just briefly?

Mr. **Volkmer.** Yes.

Mr. **Packard.** Is that true not only of the $2,114 one, but the other one in question?

Mr. **Goffus.** Yes, sir. The $1,200 one, exactly right, Mr. Packard.

Mr. **Packard.** Both of them were handled the same way?

Mr. **Goffus.** They both later were handled as a credit to FEMA's account. It was an erasure, they should not have been billed.

Mr. **Packard.** So, in essence, the Government was reimbursed for those amounts through a paper change?

Mr. **Goffus.** Yes, sir.

Mr. **Volkmer.** Well, the thing that bothers me, Mr. Goffus, because you were here. Before we broke for lunch, I gave them copies, and they had to go to the computer and call all those people and find out.

Mr. **Goffus.** Yes, sir.

Mr. **Volkmer.** That was Mr. Martin and Mr. Payne. Yet, you just told us that they knew back last fall that those things had been paid.

Mr. **Goffus.** They probably didn't know it was paid. They knew it was billed. They knew it was billed.

Mr. **Volkmer.** They didn't know it had been paid?

Mr. **Goffus.** We had the invoice in our hands. We followed up later and found out that it had been paid.

Mr. **Volkmer.** Then you didn't inform them later on that it had been paid?

Mr. **Goffus.** I don't recall doing that, sir. I don't remember doing that. I don't remember any discussion about that.

We discussed it at noon. When we discussed it at noon, it was my contention that we had been billed; it had been paid. I don't recall seeing the bill that it was paid on. I do recall seeing the credit that was given back to us by Triton.

Mr. **Traficant.** It is sort of like an error in the Government's favor, then? Is that the way it was treated at FEMA, sir?

Mr. **Goffus.** Well, it was an error in billing us to begin with, according to Triton, sir.

Mr. **Traficant.** In your position and the fact that both those incidents come in from the same corporation, did it give you reason to do any soul-searching and further meeting with the FEMA officials to review what had happened there and perhaps what could continue to happen?

Mr. **Goffus.** Yes, sir.

Mr. **Traficant.** Did you have meetings to that effect?

Mr. **Goffus.** Well, that was discussed. That should have never happened. That invoice, when it came through, should not have had approval by a project monitor. It should have been disallowed, and if it had been reviewed by a contracting officer, a contracting officer should have disallowed it.

Mr. **Traficant.** In a follow-up question that you were asked earlier, relative to preparing Mr. Villella for his appearance, or talking with Mr. Villella relative to his appearance before the subcommittee, did you or your staff prepare any briefing materials for Mr. Villella for that appearance?

Did you prepare anything specifically for him in addition to talking to him?

Mr. **Goffus.** No, sir, not that I can recall. Nothing that was to be used in the hearing. Mr. Villella had been a recipient of one of our reports.

Mr. **Traficant.** So then it is not true that investigators from your office were sent to NETC shortly before the August 1 hearing with the intention of briefing both Mr. Villella and Mr. Giuffrida.

Mr. **Goffus.** No, sir. They were sent there before the hearing to follow up on further information.

Mr. **Traficant.** You, in your position, you are supposed to act on behalf of the taxpayers. You were not more or less acting instead as a sort of political shield to this type of thing, were you?

Mr. **Goffus.** No, sir, categorically not.

Mr. **Packard.** Mr. Chairman, may I just ask one question? It is a very general question.

You sat through the testimony this morning and heard all of the witnesses respond to questions. Is there any part of that testimony that you would disagree with or that you felt was not either complete or not accurate?

Mr. **Goffus.** I don't believe that it was accurate to say that there was no knowledge of the billing from Triton. I believe there was knowledge of the billing from Triton.

We presented that to the former people at this table, specifically, to my memory, Mr. Martin, sir.

Mr. **Packard.** I think they indicated that they were aware of the billing.

Thank you.

Mr. **Volkmer.** I have no further questions.

I want to thank you very much, Mr. Goffus, for taking your time to be here with us today.

I appreciate your testimony very much.

Mr. **Goffus.** Thank you, sir.

Mr. **Traficant.** Mr. Chairman, I want to echo that as well.

Mr. **Volkmer.** Mr. Villella, you have previously testifed. First come forward and raise your hand.

Do you solemnly swear that the testimony that you are about to give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. **Villella.** I do.

[Witness sworn.]

TESTIMONY OF FRED J. VILLELLA, FORMER ASSOCIATE DIRECTOR, TRAINING AND FIRE PROGRAMS, FEMA

Mr. **Volkmer.** I am not going to rehash old testimony, Mr. Villella. First, before we start, would you like to make any type of statement?

Mr. **Villella.** Mr. Chairman, I would appreciate the opportunity to make a statement.

I would like to introduce my counsel, Mr. Featherstone, sitting with me.

Mr. **Volkmer.** Mr. Featherstone, for the record, would you give your name and address?

Mr. **Featherstone.** James Featherstone, 2033 M Street, Northwest, Washington, DC.

Mr. **Volkmer.** Thank you very much.

Yes, Mr. Villella.

Mr. **Villella.** Mr. Chairman, I have a brief, two-page statement. I would appreciate the opportunity to read it.

Mr. **Volkmer.** You may proceed.

Mr. **Villella.** I welcome this opportunity to join with this subcommittee to work toward completing this inquiry and I hope that the committee's final report will serve to correct the misrepresentations and distortions which have contributed to the damages suffered by me, my family, my colleagues, and the dedicated employees at FEMA.

At the August 1st hearing, I was accused, to quote the transcript, "of mismanagement, misconduct, lavish and excessive spending of public funds, and of fraud and abuse."

The conclusions were drawn based on misleading information provided to the committee that I had renovated a Government building to use as a personal residence, ordered improper improvements to the campus chapel, sexually harrassed a female security guard, and other assertions.

Except for some limited automobile and driver use for which I have reimbursed the Government, I deny without reservation those unfounded and baseless allegations.

The consequences of that hearing, therefore, cannot be viewed as just another congressional or political event. It may have been temporary for the other participants, but permanent for me.

The political climate of last August influenced a reaction of sensationalism seized by the press. Circumstances were presented out of context which created appearances of wrongdoing.

Everyone concerned clearly should have understood the political implications and the motives of the employees who had filed grievances. Yet those realities were comfortably ignored at my expense.

As a result of the sensationalism and the appearances created, I was forced to resign and my reputation of 30 years of honorable public service was permanently marred. My contributions and progressive product-oriented management have been attacked without just cause.

The utilization of new contract approaches which doubled and tripled output have been misrepresented as mismanagement. A more sophisticated and diverse training and fire program staff employing some of the most accomplished and committed practitioners in the free world has been misrepresented as cronyism. The substantial improvements in our campus facilities have been misrepresented as having been initiated for personal accommodations.

The record of the National Emergency Training Center by dedicated employees under my leadership still stands as outlined in the transcript of August 1st.

This record includes a better than 87-percent increase in performance, with only 15-percent increase in funding. Course development costs were reduced from an average of $250,000 per course to $50,000 per course, with over 30 courses developed during my tenure.

Resident student attendance rose from 2,000 to 10,000, and from 80,000 in the field to 180,000. We relocated and hired a totally new staff for the U.S. Fire Administration and established not only a National Firefighter Memorial, but an entire new national fire safety program focus.

This period of growth saw the introduction of new techniques, new people and the highest cost efficiency in FEMA training history.

Both the subcommittee's zeal and the precipitous resignation decision by the FEMA Director resulted in considerable personal grief for my family, unjust financial loss, and the unwarranted characterization of malfeasance with total disregard for my proven integrity and honorable public service.

No official should be treated as I have been. I deserved and earned better treatment.

I thank the subcommittee for the opportunity to right these wrongs so that my positive service will be recognized and I can go on with the rest of my life.

I would be pleased to answer any questions for the members of the subcommittee.

Mr. VOLKMER. I suppose the first question I had has been obviously answered in your statement. And that is, it appears that your resignation was requested by Mr. Giuffrida?

Mr. VILLELLA. That is correct, Mr. Chairman.

Mr. VOLKMER. Did he give you any reason why?

Mr. VILLELLA. No, he did not. He said he felt that he had to ask for my resignation.

Mr. VOLKMER. All right.

Now, the problem I think that some of us have with some of the things that have occurred is back when the GAO was making its investigation and the things that occurred up there in building G—I know the gas stove itself was only $1,600—but when you rip out some new shower walls and put in tile, because the other is plastic, polyethylene, and that you put in a total broiler that can do a whole bunch of steaks and things, somewhere along the line came a conclusion that either you or Mr. Giuffrida would be using that as a temporary or permanent residence while at the training academy. Is that correct? Those conclusions came about.

Mr. VILLELLA. That conclusion was drawn. I would like to point out for the new members of the subcommittee that during this period of time, my permanent duty location was in Washington, DC. I had been in Washington since September 1983.

My duties encompassed the daily operations of the Agency. As the executive secretary to the Emergency Mobilization Preparedness Board—I was directly and deeply involved in the negotiations to give California, Utah and the Virgin Islands $20-some million that they had been shorted in disaster relief. I had my hands plenty full in the responsibilities in Washington.

Some of the details in the renovation of G Building I was not aware of.

Mr. VOLKMER. Who would have been responsible for those change orders that took place there?

Mr. VILLELLA. The supervision of the construction and modification of G Building, the expansive air-conditioning contract that has taken place up there, was that of Mr. Murray and Mr. Payne. Mr. Payne was the onsite individual as the deputy who was responsible at Emmitsburg.

Mr. VOLKMER. Do you have or have you had the feeling perhaps that you had to take the heat for others' mistakes, of overall mistakes?

Mr. VILLELLA. Mr. Chairman, the kitchen has been kind of warm. I have felt that I was treated unjustly. I was held responsible for more than any one individual should be held responsible for.

I felt that in essence it was unjust to me.

Mr. VOLKMER. You didn't have anything to do with approval of payments to Triton for tickets that were used for political functions and things like that, taxpayers' money used to pay for those? You didn't have anything to do with that, did you?

Mr. VILLELLA. No, sir. My side of the house, if you will, was the operations side. The administration, contractual arrangements, personnel, I had nothing to do with, or very little to do with.

Mr. VOLKMER. I have no further questions.

Anybody else?

Mr. PACKARD. Mr. Chairman.

Mr. VOLKMER. The gentleman from California.

Mr. PACKARD. Thank you, Mr. Chairman.

Mr. Villella, the renovations at NETC, in your judgment, did we get our money's worth?

Mr. VILLELLA. Congressman Packard, I have on file my assessment of some of the costs that were involved in the renovation of G Building. I felt that some of the charges were beyond reason.

Now, that is difficult for me to say. I am not a contractor. But I have reviewed some of them in the throes of the controversy, and my judgment was that some of those costs were too high.

Mr. PACKARD. Most of those change orders, where did they originate?

Mr. VILLELLA. The change orders originated really from a number of sources. I would say that fundamentally the changes took place because of the age of the building, and it was an empty building, formerly having been a home economics building.

When the building was designed to be a dormitory, some of the changes that cropped up in the process of renovation could not have been anticipated.

I interjected myself in a couple of the changes when I visited the construction site where two of the bedrooms had to be accessed from other bedrooms. And I knew that was wrong.

Where a kitchen—the kitchen was being moved, the physical location of the kitchen, to another part of the building, and one of the bedrooms was too small to accommodate a bed. I interjected myself into that.

I think others interjected themselves into the change order process as time went on. And I don't know who all of those were.

Mr. PACKARD. The kitchen is an area of controversy.

Is it a gourmet kitchen, and is the stove what it was purported to be, or was it in fact a normal commercial-type stove and kitchen?

Mr. VILLELLA. Congressman, as I understand it, that stove is very similar to what is found in fire stations all over the Nation. That is how it was described to me.

Mr. PACKARD. Thank you.

Has the use of the facility, once it has been completed, been in keeping with what you have envisioned it was designed to do?

Mr. VILLELLA. Congressman, I certainly have not been with the agency since the 3rd of August.

My understanding, however, is that it is now being used precisely for what it was intended to be used, as I had envisioned it many moons ago, and that is not a personal residence for Fred Villella.

Mr. PACKARD. And was there the need for FEMA to have such a facility?

The need did exist in your judgment for the facility as it is now being used?

Mr. VILLELLA. In my judgment, yes.

Mr. PACKARD. Were you involved in some of the contracts that were performed by those that were to upgrade the curriculum there, namely, Mrs. Koppel and Mrs. Frame?

Were you involved in the work of those individuals?

Mr. VILLELLA. I was in some respects. Those two individuals were employed when I went to Washington in September of 1983, and they were continued to be employed until sometime this past year.

Mr. PACKARD. So then from that statement, I assume that their work was ongoing after you left the agency.

Mr. VILLELLA. Yes, sir.

Mr. PACKARD. So you did not see the completion of what they were contracted to do.

Mr. VILLELLA. I did not.

Mr. PACKARD. Thank you.

Mr. Chairman, I think that's all I have at this time. Thank you very much.

Mr. TRAFICANT. Mr. Chairman.

Mr. VOLKMER. I recognize the gentleman from Ohio.

Mr. TRAFICANT. Yes; I believe it was stated in testimony earlier today that those two incidents relative to the Capitol Hill Club, the salute to the Reagans and the Vice President's fundraiser, that they emanated basically from you, and that no one really knew and took it rather casually, due to the heavy demands placed upon officials here in Washington relative to their doing anything looking a little bit improper.

Is that how that developed, Mr. Villella? Did you call Mr. Giuffrida and tell him that he and his wife were asked to attend the particular fundraiser, or did you know it was a fundraiser?

How did you bring that to him?

Mr. **Villella**. Congressman, I heard the comments by Mr. Giuffrida. As much as I would like to, I cannot recall that discussion.

The fundraiser, and I think there was some misinterpretation, the fundraiser at the Capitol Hill Club was a fundraiser for the Capitol Hill Club; it was not political.

The other event, as I understood it, was a conference. And the fact that it turned out to be a salute to the President, frankly, came as a surprise to me at the time.

However, the way Mr. Giuffrida described the event on the calendar, the information came to the secretaries, and it was customary, as I walked out the door in the evening, as the day was ruled by a 3-by-5 card, my secretary left or would hand me a folder, and essentially would tell me where to go.

So the general description presented by Mr. Giuffrida was essentially accurate.

Mr. **Traficant**. The second thing: Did Mr. Giuffrida know anything about the renovation of Building G?

Mr. **Villella**. Yes, he did. He was, and I had previously described this, I believe, present at Building G during the time that it was being constructed, and he made some recommendations.

Mr. **Traficant**. Did Mr. Giuffrida have any personal intent—even though you looked at it as a training center, and you envisioned that as being part of a comprehensive program of such, I am sure—were there any other ulterior designs perhaps by Mr. Giuffrida to have that as a personal residence for himself or for his use, to the best of your knowledge?

Mr. **Villella**. To the best of my knowledge, no. I don't know how I can better answer that.

Mr. **Traficant**. Just one other question I have relative to the IMR situation, on the employee, I believe—and I am looking for my notes here—Mrs. Smith, I believe, are you familiar with the employee Mrs. Smith who had been with Mr. Giuffrida before in another capacity?

Mr. **Villella**. Yes, sir, I am.

Mr. **Traficant**. Were you or was anybody on this staff aware that she had married an individual from IMR?

Mr. **Villella**. Well, we became aware of it after she was married, yes.

The contract with IMR had already been previously let, and she did join for a while that staff.

Mr. **Traficant**. Do you have any information you could shed? Now we know at some particular point a marriage is official by document. Do you have any information relative to that relationship which existed, as to how long that existed, and could in fact that relationship have existed at the time that contract was let, to the best of your knowledge?

Mr. **Villella**. I can say almost without equivocation—in fact, without equivocation—there was no relationship at that time.

The contract, as I recall the dates, had been negotiated with the Fire Academy and the Emergency Management Institute long before there could have been any relationship between Paula Smith and Bill Elsey.

Mr. TRAFICANT. I have one last point I want to make. I am new. I sat and listened today at the first hearing, some of the revelations and explanations of them.

It seems after I look at all the matters, after the smoke clears, you are the fall guy. You were asked to resign, and you did. And from listening to your testimony, from looking at you, you seem to be a man of conviction.

And the question I ask is, if there was no wrongdoing, why did you quit?

And why did you not try within the process that exists as an employee to try to right those areas of disagreement you had perhaps with your supervisor?

Why did you leave, sir?

Mr. VILLELLA. I had been asked to come to Washington by Mr. Giuffrida for whom I worked in California. And I committed myself when I came to Washington that I would serve in the best interests of the public and at his disposition.

I was appointed by the President. I was confirmed by the Senate.

The Director asked me to resign. I respected his prerogative to do that.

I would like to say, Congressman, I appreciate your making the point. I don't think the battle is over yet for me to regain my reputation with the manner in which I was treated even by the Agency.

Mr. PACKARD. Would the gentleman yield, please?

Mr. TRAFICANT. Yes, sir.

Mr. PACKARD. You were a political appointee. Is that correct?

Mr. VILLELLA. Yes, sir.

Mr. PACKARD. Is it true, then, that you do not have access to the normal channels of civil service?

Mr. VILLELLA. That is correct.

Mr. PACKARD. For defensive purposes? In other words, when you are asked to resign, normally it is almost incumbent upon you to do so.

Mr. VILLELLA. Yes, sir.

Mr. PACKARD. Otherwise you get fired. That's true.

So I think that perhaps maybe his feelings as to why he was asked to resign would be appropriate. But as far as whether he had really the choice or not to stand and fight a request for a resignation probably would not have been an appropriate direction for the man to have gone, in my judgment.

Unfortunately, there are many good Government people that lose their jobs when perhaps it may not be justified.

Mr. TRAFICANT. If the gentleman would yield for just a minute. To make the point, not in a derogatory fashion, the point remains that Mr. Villella did resign.

For further information and clarification, I did ask those questions, not to be punitive, but to objectively seek that situation.

Mr. PACKARD. And I did not mean at all to implicate or indicate any——

Mr. TRAFICANT. Fine.

I have one other question. Were you aware of the hiring or the promotion of, the way it has now been explained, one Frank Silver?

Mr. **Villella.** No, I was not, Congressman. I had no knowledge of it.

Mr. **Traficant.** Did you hear the testimony here this afternoon relative to that circumstance?

Mr. **Villella.** Yes, sir, I did.

Mr. **Traficant.** In his position, could he not have, if he would have so chosen, could he not have gained access to some sensitive documents? Could he have gained access to sensitive documents, is my question?

Mr. **Villella.** Sir, I would only speculate in giving you an answer, because I would like to give you an answer. But I truly don't know his assignments. He again worked for the other side of the house, not for my side of the house.

Mr. **Traficant.** I have nothing further.

Mr. **Volkmer.** Mr. Villella, I would like to go back just a minute, and I know we are all busy, and we all get cards or sheets or schedules telling us what to do for the day. But it concerns me, as one who participates in a lot of receptions and things up here on the Hill, I don't know if I have ever gone to one that I didn't know who was putting it on and what it was for.

Therefore, it bothers me. You know, it is a little, maybe, foreign for myself and maybe some of the others here, to realize that someone can go to a $500, $250 apiece dinner and not even know who is footing the bill, not have the slightest idea who is footing the bill. But that is what you are telling us. And that is what Mr. Giuffrida told us.

And that is a little bit—you don't have to comment, but I am just making a statement that, to me, it is a little bit beyond comprehension.

You never saw your invitation. You just know that someone told you, like your secretary, that you have a dinner tonight, and you go to the Capitol Hill Club and the Vice President is going to be there, and, oh, isn't that nice.

But the one down at the hotel, you thought that was a conference. But when you got there, you knew it was not a conference, isn't that correct?

And then you look on our side, and we see that. Then we also see by going through FEMA's papers that, hey, not only had these people taken you all to dinner, but FEMA had footed the bill for it. The taxpayers helped pay. Now, that really gets the gall.

You can understand our side, I believe, a little bit when we see that. I think you will have to agree, would you not, that that would be unusual, where Government agencies are refunding to contractors payments for political dinners? You think that is a little unusual?

Mr. **Villella.** Mr. Chairman, it should not have happened.

Mr. **Volkmer.** I am just saying a general statement.

Mr. **Villella.** It should not have happened. It was wrong to have happened.

Mr. **Volkmer.** Maybe it is because of lack of knowledge or maybe the way paperwork is processed within some Government agencies.

Some of us say, hey, maybe that was done intentionally. You can't prove it, but maybe it wasn't. Maybe it was just done without your knowledge or Mr. Giuffrida's knowledge or anybody else's up there knowledge that it was done.

But I want you to understand. You came here and made a very nice statement. I want you to understand maybe how some of us up on the Hill say, hey, we cannot permit this type of thing to go on. Wouldn't you understand that?

Mr. VILLELLA. Absolutely.

Mr. VOLKMER. I have no further questions.

Mr. TRAFICANT. Mr. Chairman, relative to that course of investigation, isn't it a fact that the subcommittee has the financial disclosure form you filed with the Agency for 1984? You did not list any instances in which the Triton Corp. paid for you and your wife to attend political functions?

Mr. VILLELLA. When I submitted my disclosure statement, Congressman, to the general counsel, I submitted a written letter asking that he review the subject of conferences, or tickets in question.

He had previously given me the advice that I need not include that in my disclosure statement. However, I raised the question with him again when I submitted my disclosure statement after I had resigned.

I didn't know the answer—what I am telling you—I didn't know the rule, but I didn't want to avoid it, either.

Mr. TRAFICANT. That was Mr. Jett?

Mr. VILLELLA. Yes, sir.

Mr. TRAFICANT. Did you ever to that time, subsequently, make an amendment or submit disclosure relative to that incident per his advice?

Mr. VILLELLA. I have received no response from him on that question.

So the answer is, no, I have not.

Mr. TRAFICANT. Were these the only two instances to the best of your knowledge, where you did not understand how you were at an event as such and how you got there, or were there perhaps others?

And were there ever amendments made to the financial disclosure forms at any time that you were with FEMA relative to the instances being discussed now of those two events?

Mr. VILLELLA. Not that I can recall, no.

It is a pretty broad question, encompassing 3½ years. I discussed the disclosure statement with the general counsel each year, because there seemed to be new rules each year.

When I had questions, I asked the general counsel. We made amendments based upon the advice received in return from the general counsel. I did the best I could with the disclosure statement.

Mr. TRAFICANT. Were you usually the individual that contacted Mr. Giuffrida relative to these types of events, or were there ever occasions when Mr. Giuffrida or others contacted you relative to events of this type?

Mr. VILLELLA. No, sir. I was not usually the one to contact Mr. Giuffrida about these kinds of events.

Mr. TRAFICANT. I was made to believe that these things are so often that it is rather casual, the way it developed, and it was not such a significant thing.

Would that be a fair statement that was made earlier?

Mr. VILLELLA. It is difficult for me to respond to that. I would want to agree with you. But I don't recall precisely what was said.

Mr. TRAFICANT. Mr. Villella, the point I am making is, I am a freshman Congressman. If I found myself at a dinner with the President and First Lady, I would wonder as to whether or not it was a casual affair, because it wouldn't seem as such to me.

Mr. VILLELLA. I absolutely agree with you. And I agreed with the chairman. I have no disagreement on that point at all.

Mr. TRAFICANT. Fine.

Thank you very much, Mr. Villella.

Mr. VOLKMER. Thank you, Mr. Villella. We appreciate your being here today, and your testimony.

Mr. VILLELLA. Thank you, Mr. Chairman and members, for this opportunity.

Mr. VOLKMER. The subcommittee will continue.

We will now hear from Mr. Albert Ferri, Mr. Frank Meehan, Mr. Richard Salvatierra, and John Smith.

Before we begin, I would like for you to raise your right hand, to be sworn.

Do you solemnly swear, each of you, that the testimony you are about to give will be the truth, the whole truth, and nothing but the truth, so help you God?

[Witnesses sworn.]

Mr. VOLKMER. Let the record show they all answered in the affirmative.

I would first like to give an opportunity if anyone has a statement they would like to make at this time, they are welcome to do so.

TESTIMONY OF RICHARD SALVATIERRA, PRESIDENT, TRITON CORP., ACCOMPANIED BY ALBERT FERRI, FRANK MEEHAN, AND JOHN SMITH

Mr. VOLKMER. Mr. Salvatierra.

Mr. SALVATIERRA. Yes, Mr. Chairman. Very brief.

Mr. Chairman, my name is Richard Salvatierra. I am president of Triton Corp. Six years ago, I founded Triton as a management and governmental consulting firm.

Because of Triton's ability and reputation for providing quality products and services to its clients, Triton has been recognized by INC magazine and the Hispanic Business Review as one of the fastest growing independent small businesses in the Nation. This is a record of which we are particularly proud.

We are here at the invitation of the committee and stand ready to assist the committee in its inquiry into the management practices at the Federal Emergency Management Agency.

If I may, Mr. Chairman, I would like to introduce the members of the firm with me!

Mr. VOLKMER. You may do so.

Mr. SALVATIERRA. On my right is Mr. Albert Ferri, Jr. He is one of the principals of the firm, an executive vice president.

To my immediate left is Mr. John Smith. He is a vice president. He is an officer of the firm, and he has been the principal project director on the FEMA project.

On the far left, Mr. Frank Meehan, senior associate of Triton, former chief of police, who has been providing assistance also at FEMA.

And, Mr. Chairman, we are ready to answer any of your questions.

Mr. VOLKMER. Any others wish to make a statement?

If not, I would like to, I guess, start right off.

Mr. Smith, you have been here during the testimony of FEMA?

Mr. JOHN SMITH. Yes, sir.

Mr. VOLKMER. You know that we have a copy of a memorandum for the record from Mr. Ron Face dated February 15.

Mr. JOHN SMITH. Yes, sir.

Mr. VOLKMER. 1985. And he stated in a conversation he had with you, you told him, unless there was a positive action on Triton's request for contract extension, the March 4 hearing would be disastrous for FEMA.

Mr. JOHN SMITH. I understand that is what his memo said, yes, sir.

Mr. VOLKMER. What do you say you said?

Mr. JOHN SMITH. I didn't write a memo for the record. I don't recall the exact words. But to the best of my recollection, I talked with Ron Face that morning. I talk with him just about every day. He is the project officer; I am the project director.

There were several issues that we discussed. One of them was the status of some invoices that were up at Emmitsburg being signed off on by the program people.

The other was that because it was our contention, and it still is I believe, that we had a contract, we have a contract that is signed to run until March 31, 1985.

I had been told by Mr. Face and by Ms. English, our contracting officer, as well as other people, that there was a plan to bring in another contractor to Emmitsburg to do the work for which we have a contract to do; that we had been given no reason for this; that within the contract, there is a mechanism for assigning new tasks to us by which we can also get paid, and yet the agency had chosen to give us letters of authority to incur precontract modification costs against which we could not invoice.

There was a series of these kinds of, I guess, problems that we were having contractually. And that the final straw would be that on the Monday following that Friday, there would be a new contractor on board who was going to begin a transition to take over the work that we had a legal contract to do until the end of March; that we had considered this between FEMA and Triton; that this wasn't an issue of the hearings.

But that if this other contractor were there, the rumor was they were going to begin negotiating with our staff; that we considered this to be extremely prejudicial; and that we would have no hesitation to do all that was legally within our rights to do to stop this including an FOIA for any kind of negotiations that they had had with these other people; and that we would not hesitate to volunteer information about this.

Mr. VOLKMER. Volunteer information about——

Mr. JOHN SMITH. About our situation with FEMA vis-a-vis our contract that we thought we had—that we agree we have until March 31, and that they were going to bring in someone else.

Mr. VOLKMER. And the fact that the words "the March 4 hearing could be disastrous" was a fairly accurate statement by Mr. Face.

Mr. JOHN SMITH. I believe that was his interpretation. I do not believe that those are my words.

Mr. VOLKMER. Not exact words, then. But he interpreted them as such.

Now, as I understand it, you also told Mr. Face, at least Mr. Face says that you said so, that this was a message passed to you from Mr. Ferri; is that correct?

Mr. JOHN SMITH. Mr. Ferri and I had discussed this the previous day. Mr. Ferri was going out of town until about the following Wednesday or so.

So that what Mr. Face and Ms. English had told me, including that morning, because I asked Mr. Face first, was that their new contractor, the plan was for them to still be up there the following Monday.

And so when Mr. Ferri and I had talked the previous day, we made the decision that we would let Ron know as a courtesy that we had planned to do the FOIA, and to take whatever steps were necessary to see that our rights, we were not prejudiced, that our rights were honored, our legal rights under the contract.

Mr. SALVATIERRA. Mr. Chairman, if I may add to that.

Those discussions, I was out of the country at the time. But the problems we had been having with FEMA, that is NETC, with our contract, over the period of the last 9 to 12 months, was just a series of difficulties about getting work contracted for and our getting paid, getting letters to incur costs that were only good for a month at a time. And we had to incur the costs. Yet, then we could not turn around and bill them.

So there was a whole series of problems we were having that I think as our contract was winding down toward March 31, and then we were being told that they are bringing somebody in at the last minute, they are going to hire our staff, it was with that kind of frustration that we were constantly in dialog with Mr. Face.

I cannot speak for what John Smith stated, except that I don't think it was an isolated discussion. This problem we were having with contracts was just ongoing.

Mr. VOLKMER. Mr. Smith, what would it be that you would tell us in the event that last week, that he would have told you they were not extending Triton's contract to March 31, that it was being terminated?

Mr. JOHN SMITH. I would have brought up that very fact, that we have a contract, article 6024 says runs to March 31, 1985; that they had brought in another contractor to do the work which we had previously been doing; that there was not a reason given to us. Actually, there was.

The reason was there would then be an emergency, because our letter of intent to modify—on February 28. But that the emergency would have been a self created one by the Agency.

And that one of the charges, if you will, that has been brought earlier, as I read in the papers, were collusion, favoritism, and that it would be probably in our best interest to show that if this is favoritism, I would not like to be on the wrong side.

Mr. VOLKMER. About how much do you anticipate right now that you are owed on contracts that have not been paid by FEMA?

Mr. JOHN SMITH. Not on contracts so much as on work that has been performed.

Mr. VOLKMER. All right. Work performed, surely under contract.

Mr. JOHN SMITH. Yes, sir.

Mr. VOLKMER. All right.

Mr. JOHN SMITH. I would say——

Mr. SALVATIERRA. It could be as high as $400,000.

Mr. JOHN SMITH. Yes, I was going to say, it might be around $400,000.

Mr. VOLKMER. Are there any of those disputed?

Mr. SALVATIERRA. You mean the payments that have come back to us? No, sir.

You see, the problem is we have a cost reimbursable system. It requires that we have to go out and incur the costs in performing the tasks. Whether it is consultants, adjunct faculty, suppliers, subcontractors, our own staff, et cetera, we have to incur that cost first. Then we bill them.

Up to now we have been on an almost month to month and, in some cases, week-to-week letter from the Agency allowing us to incur costs pending final negotiation on the ability to then bill the costs.

So between what we are able to bill and what is pending to be negotiated for billing, it is probably as high as $400,000 at this moment.

Mr. VOLKMER. And that is the gist of the matters that you would have told us today?

Mr. JOHN SMITH. That is correct.

Mr. VOLKMER. Well, then, I would like to get into some other things. I would like to find out from Mr. Ferri, Mr. Smith, or somebody how it all came about.

You heard the testimony. You know that you did submit bills for a dinner at the Capitol Hill Club, and also a dinner for the Young Americans for Freedom, for a dinner, at $250 a plate. I believe both Mr. Ferri and Mr. Salvatierra, you both participated in those dinners.

And those were submitted to FEMA for reimbursement, and actual reimbursement made, and then later on, a credit applied against another bill.

How did it come about that you billed FEMA for those dinners?

Mr. SALVATIERRA. OK, sir.

As I mentioned a moment ago, we have to incur a cost first. Then all the bills come into, from different vendors, from subcontractors, from travel agencies, from wherever it is that we have incurred a cost, including all the activities of the company, and other contracts and other clients.

These two incidents are something that we regret, because they were inadvertent errors.

The process in our company, the accounting procedure, the bookkeeping procedure—and this was an unfortunate bookkeeping error—it comes into the company. It gets booked into our accounting department. They put it into a general ledger and into cash disbursement vouchers.

At the end of the month, as a small business, it is important that we get our billing out as quickly as possible.

In the case of the Capitol Hill Club, we had held other activities for the Agency, legitimate activities in terms of meetings at the Capitol Hill Club. When the Capitol Hill Club bill for the reception came in, it was picked up as one of the continuing costs related to FEMA. And at the end of the month, when our bookkeepers put together all our different vouchers to be sent to the Agency, it was listed.

And there was no effort, unfortunately, there was no effort whatsoever to hide any of this. It was an unfortunate billing error. We missed it, and regrettably for a while so did our project director, so did acquisitions management.

When it was brought to our attention, we immediately made the correction and tried to figure out ourselves how that happened.

The second invoice was a pretty similar kind of error. We had been holding some 200 workshops, training sessions and some 14, 16 different conferences, I believe that is the number. When the invoice came in for a conference expense to this conservative political action conference, it was picked up as another conference and inadvertently treated as one of the many that was being handled for FEMA.

Again, that one we picked up ourselves, I believe, right away, because we were you know, we had frankly been embarrassed and hurt by the fact that we had done this once before.

But at no time was this ever intended to be a legitimate cost that we would pass on to the Government. Rather, it was an error.

The moment we found out about it, we made a credit on the next immediate invoice. As to whether we were paid directly, I can only assume that maybe we were, by answering that as follows.

We submit a detailed invoice that is broken down by different line items and then it has one total at the bottom. The agency comes back and gives us a check, either the full amount or generally they reduce it by 10, 15 percent as part of withholding, pending final audits, and then we get an amount of money back for that invoice.

One has to assume that they paid some or all aspects. But in any event, the moment we discovered the error, we credited it back to the Agency.

Mr. **Volkmer**. On the Capitol Hill Club event, where Vice President Bush was, that was a reception. On that invoice, your name appears, the signature of someone, on the front of the bill, above where it says "Richard D. Salvatierra, President," signed and certified, payment, sum claimed, et cetera.

Is that your signature?

Mr. **Salvatierra**. I believe it is. I do sign off on the outgoing invoices as a routine manner. I don't take that lightly. But I do sign them, yes, sir.

Mr. VOLKMER. You sign them but don't look at the invoices themselves?

Mr. SALVATIERRA. I generally sign most of them. When I am out of town or not available, one of the other officers will certify it.

Mr. VOLKMER. Who is responsible for the actual preparation of the documents that go with the invoice paper that you signed, the supporting documents?

Mr. SALVATIERRA. It is done by our accounting department, the invoices come in.

Mr. VOLKMER. There is no one in charge of that?

Mr. SALVATIERRA. I beg your pardon?

Mr. VOLKMER. There is no one specific person in charge of that?

Mr. SALVATIERRA. I work directly with the comptroller of our company in putting these together. But then the actual bookkeeping, just getting the paper together at the end of the month, running the tapes and so forth, is done by our bookkeepers.

Mr. VOLKMER. Who signs the vouchers?

Mr. SALVATIERRA. Well, are we talking about—I guess I am not clear whether we are talking invoice vouchers——

Mr. VOLKMER. For subcontractors.

Mr. SALVATIERRA. When a subcontractor certifies or is billing us for their work under us?

Mr. VOLKMER. Right.

Mr. SALVATIERRA. It generally comes first to John Smith, the project officer. He certifies that the work has been performed. It then goes to our accounting department.

Mr. VOLKMER. What I find a little difficult in your testimony is that on here it doesn't say the Capitol Hill Club reception. That is what the billing from the Capitol Hill Club says. It says "Vice President Bush reception, $2,000."

And then over here it says, "Luncheon and conference, $2,114.70."

Where do we get the luncheon and conference?

Mr. SALVATIERRA. All right. I believe that there are, as I recollect, and the way we have tried to discover how this error occurred, the amount that is under that line item for $1,200—I think it is not an even number—I am not sure what it is.

It was two separate items. There was the Capitol Hill activity, which was I believe a round number of 12——

Mr. VOLKMER. Two thousand. Unless you were charging for the dues too; then it would be $2,035.

Mr. SALVATIERRA. All right. Sir, if I may ask, Mr. Chairman, what is the figure, the total?

Mr. VOLKMER. That you certified to FEMA, $2,114.70; and I don't know where you got that $114.70.

Mr. SALVATIERRA. The $114 was something else, was—I would have to go back and check. But it was two different activities that were put under luncheons and conference and billed. One of them was the Capitol Hill Club.

Mr. VOLKMER. In other words, one of them could have been legitimate, is that what you are telling me?

Mr. SALVATIERRA. Yes.

Mr. VOLKMER. At the Capitol Hill Club, do you remember seeing Mr. Giuffrida, Mr. Villella?

Mr. **Salvatierra**. Yes.

Mr. **Volkmer**. How did it come about that you invited them to that function, or did Mr. Ferri do the invitation?

Mr. **Ferri**. Mr. Chairman, basically both the Capitol Hill Club and the CPAC activity, we made contributions to these various entities. The Capitol Hill Club, it was a fundraiser for the Club.

As a result of making those contributions, we get a certain amount of tickets. It is usually done by us to circulate or indicate to other friends, members, associates, that we have these tickets, and if they want to make them available to them, or take advantage of them, they are there.

In the case of FEMA, I think after we had received a certain number of tickets back from the Capitol Hill Club, we just contacted those offices and probably other officers and said that the tickets were available, and if they were interested in getting those tickets, we provided them. If they were not, then we either used them elsewhere or used them ourselves.

Mr. **Volkmer**. And what interests me is that neither Mr. Giuffrida nor Mr. Villella knew that you were the ones providing the tickets. Isn't that interesting?

Mr. **Ferri**. Not particularly, in the sense that it probably was a situation where we would contact the secretaries or the appointment clerks and say this particular event was going on and we have tickets available.

Mr. **Volkmer**. You would not tell them who you were, would you?

Mr. **Ferri**. Well, I think they would know exactly who we were. We would not just call up anonymously and say tickets were available.

Mr. **Volkmer**. Well, you say you are Mr. Ferri, and you had some tickets, or something like that, or Triton did, and bought some, and would like for them to go as guests, right?

Mr. **Ferri**. We would say that we have tickets available for a particular function, and we could make them available.

Mr. **Volkmer**. But you would not tell them it was Triton doing it?

Mr. **Ferri**. No. In contacting a particular clerk or the secretary, we would indicate who we are. Whether that information was passed on to Mr. Giuffrida or Mr. Villella, I don't know.

Mr. **Volkmer**. When they got there, you did not thank them for coming or anything like that, and talk to them about it at all?

Mr. **Ferri**. I think at those events we met them and saw them. I don't recall thanking anybody there.

Mr. **Volkmer**. Like at the one at the Reagan appreciation dinner, did you buy a table?

Mr. **Ferri**. We had a table.

Mr. **Volkmer**. And everybody sits around the table.

Mr. **Ferri**. That is correct.

Mr. **Volkmer**. And they talk.

Mr. **Ferri**. That is also correct.

Mr. **Volkmer**. But you never told them that you furnished the tickets.

Mr. **Ferri**. Well, I don't think the matter came up in that sense. No one asked where the tickets were coming from or what was going on.

Usually when we get tickets for those kinds of events as a result of a donation, we like to have as many distinguished or reputable people that we can get at a table. It is part of the kind of doing business in Washington.

In that particular evening and other evenings, the conversation never came up of thanking someone.

Mr. **Volkmer**. They never thanked you for the dinner or anything?

Mr. **Ferri**. Not to my recollection.

Mr. **Volkmer**. You don't consider that being ungrateful, though.

Mr. **Ferri**. Maybe.

Mr. **Volkmer**. Now, even Mr. Villella thought, as he said, that he was going to a conference when he went to the salute to the President. He thought he was going to a conference.

I wonder how he got that impression?

Mr. **Ferri**. I am not sure what kind of entry would have been on his appointment books or whatever his secretary gave him.

Mr. **Volkmer**. But neither one of these functions had anything really to do with fire training, emergency training, or anything like that.

Mr. **Ferri**. Not to my recollection.

Mr. **Traficant**. Mr. Chairman, would you yield?

Mr. **Volkmer**. Yes, I yield.

Mr. **Traficant**. Did you make a political contribution to the President's campaign this year?

Mr. **Ferri**. Did I?

Mr. **Traficant**. Triton? Individuals in your organization, or your PAC?

Mr. **Ferri**. Not to my knowledge. I don't think corporations are allowed to make contributions.

Mr. **Traficant**. When you submitted these, these were charged. When they were forwarded over to FEMA for payment, was there any call at all, do you know, from the agency relative to what that bill was about?

Mr. **Ferri**. I don't recollect that.

Dick?

Mr. **Salvatierra**. No, sir. The process was to send the monthly or bimonthly—we bill twice a month to FEMA—to send them bimonthly to the agency for payment. We would try to provide as much of the necessary and detailed supporting documents.

They, in turn, would review it. It would be reviewed—well, I am not sure what their entire process is internally, but I do know that our project officer would review it.

At some point, I believe Acquisitions Management and/or the Comptroller would review it.

Mr. **Traficant**. I am not familiar with this. Perhaps maybe I missed something. But I am trying to piece a few things together, if you will.

Is it the investigation that literally brought out this problem, and at that particular point, it was corrected? And if there were no investigation, would the $2,000 have stood? Or was it found independent of all this through an accounting practice?

Mr. SALVATIERRA. Well, let me see if I can answer the three questions. The particular instance, the first one, the Capitol Hill Club, I believe, came to our attention after Mr. Goffus conducted an audit. And at a debriefing, it was pointed out, and at the next subsequent invoicing period we submitted a credit.

Would it have come out? Would that error have been discovered had there been an investigation or not, I believe it would, because the contracting procedure is that the Federal client will retain a percent of our contract moneys pending a final close-out audit. So that at some point when that close-out audit, every element of performance on that contract would have been reviewed, and I am confident that that would have come out.

Mr. TRAFICANT. What I am trying to piece together is if your corporation had this voucher, and your staff and you are familiar with which one I am talking about, the one that the chairman discussed, $2,035 for the dues addressed to Mr. Albert Ferri, your staff is either in the misinterpreted position of just forwarding everything to FEMA for payment on almost a very casual basis, because this is very explicit, Vice President Bush reception.

I have listened, and I find it very hard to believe for you doing business with FEMA and having provided tickets for this event for this to be treated so casually, and that is where I am having a little difficulty. Maybe it is my own particular conception of what has happened that just doesn't smell right.

Mr. FERRI. I think that one of the things when we looked at this and tried to figure out how this particular event occurred, there were several other functions that were legitimate to the FEMA contract that were conducted at the Capitol Hill Club. I think there were two or three in that particular week, and the way we were looking back, the clerk apparently, in taking those particular bills, looked at Capitol Hill Club reception. One of the activities conducted was a kind of breakfast orientation for a series of visiting Italian generals. There were two or three other activities there.

And given the various activities taking place within that timeframe and also some of the confusion in terms of the payments we were having at FEMA, it seems pretty clear that the clerk just saw Capitol Hill Club reception and added it onto other things that were going on at that time.

Mr. TRAFICANT. So, in other words, then, from your testimony these are mistakes that were finally discovered, as it turned out, from an investigation and rectified and were it not for the investigation, they would have more than likely have been encountered through your internal accounting process.

Mr. FERRI. Just recently we conducted our own accounting activities with our auditors, and they have gone through these things and identified some particular activity. And in addition, I think it is important to understand that DCAA will not immediately, but usually a year after the contract is concluded, audit and go through thoroughly everything. And so far when we have been audited by DCAA, I think our actual average of disallowed costs are like 0.03.

Mr. **Salvatierra**. Yes, sir, we don't take this lightly. As soon as we found these two inadvertent errors, we brought in independent CPA's to review our whole system to see if, in fact, maybe that happened again, and to see how it happened so that we could tighten up our procedures so that it wouldn't occur.

We don't take it lightly, sir, and we have done what we can to see that it does not occur again.

Mr. **Traficant**. Then let me pursue it a little further. Not to deviate from this particular incident, but Mr. Salvatierra, you had personnel that accompanied Mr. Giuffrida and other agency officials to Mexico in March of 1983, is that correct?

Mr. **Salvatierra**. We had an individual, I don't know that this staff member accompanied him as much as was in the same facility providing support for their workshop.

Mr. **Traficant**. Are you familiar with the document which shows that Triton paid for $1,202 worth of food and beverages for a reception in connection with this Mexico conference?

Mr. **Salvatierra**. I believe that we did pay, that was the cost that the company incurred in carrying out and supporting the activities of the agency at that conference, yes, sir.

Mr. **Traficant**. And is your statement that that is your justification for what appears to be a gratuity?

Mr. **Salvatierra**. Not at all, sir. I am hesitating only because I don't know all the names of all the conferences, but there was a conference that I think has been testified to during the course of today. We were providing all sorts of logistical support in terms of conference management, workshops, seminars, training programs for the Agency, and this was one of those same kinds of logistical support requirements.

As I recollect, the elements or the program or the whole planning for our part in the support role was done here in Washington. We simply sent a junior member of the firm to see that all the arrangements were in order.

Mr. **Traficant**. Well, then, let me go just maybe one step further and ask Mr. Ferri a question. Did you accompany Mr. Giuffrida and his wife on a trip to Europe last March?

Mr. **Ferri**. I did not accompany them to Europe.

Mr. **Traficant**. Did you supply any entertainment money for receptions during that trip?

Mr. **Ferri**. We didn't supply entertainment money for a reception. We did provide the logistical support for a reception orientation that FEMA conducted at a NATO conference.

Mr. **Traficant**. Before I close out, it seems to be sort of casual. Your answer is rather to the point that some of these were just inadvertent types of errors that were made, and there has been no connection of gratuities between Triton and FEMA. Is that your statement here?

Mr. **Salvatierra**. That is correct, but I don't say it casually sir. But that is our answer, or that is mine.

Mr. **Traficant**. And there is absolutely no connections between this trip to Europe and the expenses that were discussed earlier in my questioning and the question relative to the $1,200 worth of food and beverages for that Mexico conference, that they were not a part of any gratuities, they were simply business-as-usual and documented as such and allowable, to your opinion?

Mr. SALVATIERRA. The Mexico conference, yes, sir.

Mr. TRAFICANT. And the trip to Europe?

Mr. SALVATIERRA. That is correct.

Mr. TRAFICANT. And that is also your statement, Mr. Ferri?

Mr. FERRI. Yes, it is.

Mr. TRAFICANT. Specifically on the trip to Europe?

Mr. FERRI. That was an orientation workshop.

Mr. TRAFICANT. I will yield back, Mr. Chairman.

Mr. VOLKMER. Thank you very much.

I would just like to say two things. To some of us, looking at the agency and the contractual relationship with you, and that is that on Mexico, it is a little beyond my comprehension that FEMA could not use their own funds and set up a reception by their own people under representation and rather must use a contracting firm to do that.

That is a little bit beyond my comprehension, but that is the way it appears that you have testified, and they have testified that they have done it, and maybe that is one of the reasons we are going to continue to look at FEMA and their operations.

You are saying that the mistakes on the other two items were inadvertent errors. Let me ask you about a couple more. You have billed FEMA for other conference expenses also. In the voucher you submitted to the Agency for a period of January 1 through January 15, 1984, there is an expense, listed as a conference with no other explanation or documentation. It is in the amount of $5,616.41. Can you tell me what that was for?

Mr. JOHN SMITH. I believe that was for a conference, logistical and technical support for, I believe it is called the community-based volunteer fire prevention program's initial kickoff meeting that was at the Holiday Inn Southwest on November 30 to December 2. I think that is the one.

Mr. VOLKMER. Now, does that include all the expenses? What would those $5,000 be?

Mr. SALVATIERRA. I am not familiar with that particular item, and I will be glad to, if I could look at it, and if I can't answer it, by seeing it perhaps we could get back and break it out.

Mr. VOLKMER. We have a billing from the Holiday Inn, which you mentioned, Mr. Smith, that appears to be for food and beverages for $5,716.41. That is $100 more to the penny than the other figure I just quoted you. And is that expense for this voucher? Is that it, Mr. Smith?

Mr. JOHN SMITH. I think it is; yes, sir.

Mr. VOLKMER. Well, who were the recipients of this much food and beverages?

Mr. JOHN SMITH. There were the attendees, participants at this initial kickoff 2- or 3-day conference for partnerships, and maybe it is called community partnerships against fire. There are a couple of names floating around in the beginning as to what it would be called.

Mr. VOLKMER. And was this the food and beverages not reimbursed? In other words, the participants didn't have to pay anything, right?

Mr. **Salvatierra**. I believe that is correct, sir.

Mr. Chairman, we are not trying to avoid the answer. We are just trying to recollect what the specific item would have entailed. But I believe that this particular conference did include the cost of all the participants' rooms. I don't know offhand how many participants for how many days, but it would have been for all those expenses, and the backup supporting document would have broken it out and listed it, sir.

Mr. **Volkmer**. In other words, who set up the conference?

Mr. **Salvatierra**. Well, we did. As to who specifically on our staff——

Mr. **Volkmer**. No, no; Triton set up the conference?

Mr. **Salvatierra**. Triton, working with the FEMA personnel, yes, sir.

Mr. **Volkmer**. And who sent out the invitations for participants to come in and attend this conference, is that correct?

Mr. **Salvatierra**. Well, I guess we are just a little confused trying to figure out which particular conference. We did all the kinds of activities. I mean, generally we handle many of the logistical activities, invitations or scheduling, getting participants, having materials, preparing materials, but offhand which specific conference we did that or the other—I guess I don't recollect offhand.

Mr. **Volkmer**. Well, let me ask you, maybe I get back to one of the basic questions. When that expense was incurred, the billing was done to FEMA. Why weren't the supporting documents forwarded with the billing?

Mr. **Salvatierra**. I don't know that they wouldn't have been followed up. We provided, I think in all these instances——

Mr. **Volkmer**. They are not with it. Perhaps you could at a later time, if you are not able to do so right now, as far as that billing was concerned, provide this committee exactly with specific detail as to what you actually did do. I would like to know who the recipients were of all that largesse provided by the taxpayers. That is what we are looking at, isn't it?

Mr. **Salvatierra**. Yes, sir, Mr. Chairman. I will be very glad to try to get this as quickly as we can, to get a total breakout for every item, every element that comprised that bill.

[The following information was supplied by Triton Corp.:]

During the period, November 31–December 2, 1983, a three-day workshop was conducted as the Community Based Fire Prevention Program initial effort.

Those in attendance included representatives from private sector organizations, private firms, emergency management and fire service officials from across the country.

The list of invitees was developed by FEMA's Office of the Associate Director for Training and Fire Programs. All contacts with invitees was initiated by that office. The final list of attendees to the three-day workshop was compiled by, and maintained by that office.

Triton is not, and has never been in possession of the list of attendees to this particular event.

Triton, under the provisions of its contract, supplied logistical support for the workshop.

Mr. **Volkmer**. We would like to, because when we subpoenaed all these documents from FEMA, it was not in there.

Now, perhaps you can find it better than we can.

Mr. **Ferri**. Mr. Chairman, one problem we may have is that we have turned over most of our documents to the Justice Department or the grand jury. And in many, not all cases, but in some cases, when we xeroxed copies of these documents, all we xeroxed were basically these two documents. And all the supporting material is now in the hands of the grand jury. So we can try, but we will have to see whether we have that material available.

Mr. **Volkmer**. But the thing is, what bothers us, again in the operation, is that you are able to submit this to FEMA without documentation and assuming that, because we cannot find any, and yet FEMA makes a payment of it.

Let me give you another one. In the voucher you submitted to the agency for a period of June 1 to June 15, 1984, and that is just last year, again there is a similar conference expense in the amount of $33,000 without documentation. Again, there is no documentation, $33,000.

Mr. **Salvatierra**. I believe that was the women's conference.

Mr. **Volkmer**. Gee whiz, do we just take your word for it and say, "Here, send us another bill."

Mr. **Salvatierra**. We will be very glad to get a breakdown of any of the items the committee would like. It is just, I guess when you are picking out particular figures, it is awfully hard to just identify offhand what the hundreds of different items were. We will be very glad, sir, to try to break them all down and get the documentation for you.

[The following information was supplied by Triton Corp.:]

Details of the billing in the amount of $33,593 to cover the costs incurred while conducting the Womens Conference, "Women In Fire Service and Emergency Management," are part of the materials removed from Triton's files by the Department of Justice. These details were furnished to FEMA at least twice prior to their removal by Justice but are currently unavailable.

Mr. **Volkmer**. You have been cited, Mr. Salvatierra, for management expertise in providing this type of thing. What I am hearing, though, is even within your own operation, you don't have the flow between the people there as to what they should actually do as far as providing submission of these bills to FEMA?

Mr. **Salvatierra**. I don't know that that is accurate, sir.

Every invoice that we submitted pretty much has to have everything that we list with some sort of backup. If it is consultants, there has to be a consulting agreement. If there is travel, there has to be travel supporting documents. If we have incurred additional printing expenses beyond, say, routine kinds of things, we go into major printing for curriculum development or anything, there would be the documentation.

If it isn't necessarily submitted as part of the backup, it is available to both the contract officer and to our project director who at any moment may ask the very same question: "What is this all about?" And then we will provide it to them and either turn it all over to them, turn over copies, retain copies, but we would have the backup documentation. If we don't have it right now, it is because it has been turned over to the Justice Department.

Mr. **Volkmer**. Which makes it convenient. It is not in, again, the FEMA papers that we received from FEMA. It isn't with the papers that you sent to FEMA, and they provided us copies with it.

Mr. **Salvatierra**. I am not sure which kinds of documents you got from FEMA because FEMA came over and we submitted to

FEMA copies of our invoices. They also then came in with their IG and requested specific copies of documents. I'm not sure—I would think that the invoices that we have submitted for payment, that if the documentation wasn't literally stapled onto it, it was available to them if they needed some clarification.

Mr. **Volkmer**. The only thing is then if FEMA didn't provide to us all the documents that we subpoenaed, and that is what you are telling us?

Mr. **Salvatierra**. I am sorry.

Mr. **Volkmer**. The possibility, then you are telling us is that FEMA didn't provide to this subcommittee all the documentation that we requested?

Now, it is one or the other. Either FEMA didn't give it to us or you didn't give it to FEMA, because we haven't gotten it.

Mr. **John Smith**. It is my belief or my understanding that other direct costs that we put on invoices, all the documentation is not included on the invoice. Likewise with a consultant's invoice, we would have a cover sheet where they listed their expenses, their hours, whatever, but we would not include with our invoice to FEMA every little parking ticket and that kind of stuff. We have that in our files if there is a question about that kind of thing.

Mr. **Traficant**. Mr. Chairman, would you yield for a minute?

Mr. **Volkmer**. Yes, I yield.

Mr. **Traficant**. I don't think we are talking about a parking ticket here, we are talking about $33,593 in this case. Here is the question I have specifically. On the contract you have, is it not required of you to have advance notice of FEMA relative to things that you will be doing that will be a liability expensewise to that agency? Or do you just go ahead and bill them without documentation, and they just blindly pay?

Mr. **Salvatierra**. No, sir. We have a contract that specifies the services, the tasks, the duties, the deliverables that we are responsible to the agency for. There is generally a schedule broken down of each task. Frequently we are running many tasks simultaneously. They can be training curriculum related to flood issues, to terrorism, toxic substance, or radiology. It can be conferences on a multiplicity of issues and topics, and those things we never determine ourselves that they will be conducted, scheduled or otherwise, but either are part of our contract or we are directed as part of our general logistic support to work with the agency to provide them.

Every one of those tasks generally has a budget assigned to it, and we work within the framework of each task budget. When we have completed the work, or along the way as we are making progress, if it is a long, dragged-out—I shouldn't say long, dragged-out, if it is a lengthy assignment, some of these tasks can be a 12-month duration. Some of them are short-term, only 2-month duration.

But in any event, we are billing and making progress payments, and we are billing against the services we have performed and the costs we have incurred up to that moment and within the framework of our contract that FEMA has directed us.

Mr. **Traficant**. Certainly that is in line with the general accounting practices of trying not to have cost overruns within a contract year. Wouldn't you agree that that would be just acceptable standard types of accounting procedures to prohibit and prevent cost overruns?

Mr. **Salvatierra**. Yes, sir.

Mr. **Traficant**. Isn't it a fact, and I address this to Mr. Ferri, that a memo dated September 4, 1984, from Inspector General Robert Goffus to Executive Administrator Gerald Martin states that your company overran its contract costs for 1983 by some $128,000, but that Triton took care of that by adding the cost to its new contract?

Mr. **Ferri**. Congressman, the agency has claimed that there was a cost overrun to the 1983 contract. We claimed that they were fully aware that they were incurring costs in excess of the 1983 budget, and based upon representations made by them since this was going to be a budget contract, we had a contract in 1983 which had an option to extend over to 1984. The agency signed this contract I believe sometime around September 30 and thought, between September 30 and February of 1984 exercised the option so that they would continue to add funds for the training and support of projects which we were then undertaking.

Since there is an 8(a) set-aside, they contacted SBA around late October or November about that they intended to exercise the option and extend out the 1983 contract, SBA legal opinion was that they could not do that and that the option had to be exercised on the same day they signed the contract, September 30. Since now we were 2 or 3 months behind that, they then talked about a modification. Throughout that whole process, we indicated to them that the budget we had agreed to on September 30 would only carry us to basically January, the first of the year.

The contracts officer and other Agency people said to continue the support activities at Emmitsburg. There were various training activities going on at that time, and we feel they have had constructive notice of those charges. I spoke with, I believe, somewhere in early January, with at that time, the Acquisitions Director Steve Goodman, and talked about since the activities in the 1983 contract were the same kinds of training activities in the 1984 contract, that since the Agency now realized that one could not exercise the option, two, could not modify the contract but, in fact, now, three, had to come up with a new contract if we were going to continue these training activities that they could be seen as preaward costs, as is common throughout the whole Federal procurement system since the activities were similar.

That was the discussion somewhere in March. I believe John Smith told me that the project officer felt that there was an overrun. We were not advised that the Agency felt there was an overrun until I believe it was like December or November of this last year. We disputed that challenge when we filed our claim against the Agency for $110,000.

Mr. **Traficant**. Then, Mr. Smith, the question earlier by the chairman relative to the March 4 meeting being a disaster, these dynamics of such had nothing to do with those types of statements?

Mr. **John Smith**. No, sir.

Mr. **Traficant**. To the best of your knowledge?

Mr. **John Smith**. To the best of my knowledge.

Mr. **Traficant**. Then if we go from there then, Mr. Smith, this subcommittee heard testimony on December 12 by Ms. Anita Koppel that a bill submitted by Triton for her services had someone else's version of her signature on it, and it was for an incorrect amount. Yet you authorized the voucher anyway, is that correct?

Mr. **John Smith**. What is correct is that when I got vouchers from people, including Ms. Koppel, that I was the one who would know whether the work was done that I signed them. I signed that she had worked *x* days and that these were basically legitimate number of days for which she had expenses, and then sent them down to our accounting department.

My understanding of the invoice in question is that the change from what she put on it to what was ultimately billed to the Agency was a change in addition or a compilation of her per diem, or in addition. It was not a——

Mr. **Salvatierra**. If I may add to that, sir, what occurred is that Ms. Koppel——

Mr. **Traficant**. Before you would, and not to interrupt you, but before you would do that, I am asking you, was that Ms. Anita Koppel's signature on there, or was it somebody else's version of it?

Mr. **John Smith**. We have looked at the invoices that she submitted to us, and I believe that every one of those invoices that we have in our files that I have looked at all have her signature on them.

Mr. **Salvatierra**. Sir, what we are talking about is, I believe, 18 different invoices that Ms. Koppel submitted to Triton Corp. over a period of time I am not sure of, but they were all in connection with her subcontract, her work as a subcontractor or consultant to us. She submitted 18 invoices, each one of them with, we thought, sufficient backup to justify her expenses or show her expenses and included a total figure of what she had incurred during that period of time.

Our bookkeepers ran a control tape on that, ran different checks to make sure her addition was correct and found that in 4 instances of those 18 invoices that Ms. Koppel had submitted, there were four errors on them. These were errors she made. As I recall, three of the errors resulted in her receiving a little bit more money. They range from $7 to $49, or something, to the best of my knowledge. In one of those errors she was entitled to less money, and those corrected invoices were then what were submitted as part of a particular invoicing period.

Mr. **Traficant**. I can appreciate that it is a corrected invoice, but I am going to relate to you just briefly the exact testimony before that December 12 hearing.

> Ms. **Koppel**. You are correct, the signature on this other voucher is not my own.
> Mr. **Gore**. Could you say that louder so I can hear it?
> Ms. **Koppel**. The signature on this voucher is not my signature.

Now my question is, is there sort of like a Triton policy to alter signatures?

Mr. **Salvatierra**. Absolutely not.

Mr. **John Smith**. None of the signatures on any of the invoices——

Mr. Traficant. Mr. Salvatierra, you signed the voucher as being true. Do you not certify vouchers?

Mr. Salvatierra. I do. I sign the vouchers that Triton puts out at the end of the month. The 18 vouchers that Ms. Koppel submitted, we have a copy here. The signature on the one I think you are addressing, that looks the same to me on all of them. Now if that has been changed, or whatever, I have no knowledge, and I don't think anybody in our firm does.

Mr. Traficant. In line with that, again, to follow that up——

Mr. Ferri. Excuse me, Congressman, which particular voucher are you referring to?

Mr. Traficant. We will provide you with a copy.

Mr. Ferri. Is this the one $832.91 and changed to $877.00?

Mr. Traficant. They will present it to you.

Mr. Salvatierra. Mr. Chairman and Mr. Traficant, the bill that we are working off of is not the one that the staff member has shown us. I have never seen that. Neither have any of us.

I have the 18 invoices that we worked off of that were submitted to the Agency. All have the same signature, her signature, and it was a corrected one.

Mr. Traficant. Well, nevertheless, they are in two different places before you, and one that she alleges has been forged.

Mr. Volkmer. Would the gentleman yield on that?

Mr. Traficant. Yes, sir.

Mr. Volkmer. Mr. Ferri, would you examine the ones that you have? This one says "Consulting to NETC Curriculum Development 9-1/9-7, 1983." Do you have any type of billing for that period at all?

Mr. Salvatierra. Yes, sir, we have her invoice, or a copy of the invoice she submitted to us.

Mr. Volkmer. And what is the amount on that?

Mr. Ferri. Well, she calculated it at $832.91. That has been crossed out. And it has been changed to $877.

Mr. Volkmer. That has been changed to $877?

Mr. Ferri. The entries were, the top sheet has 2 days at $150 per day, at $300. Then she has travel expenses, plus expenses incurred. She originally put down $532.91. That is crossed out to be $577.

And so her original total of $832.91 was corrected. That previous entry was corrected to be $877. And it is signed by Anita B. Koppel, address, travel expenses.

Mr. Volkmer. Since we don't have a copy of what you have, would you mind handing it to the staff? I would like to look at that. We will make a copy of it and examine that, please.

Mr. Ferri. We would be glad to.

Mr. Salvatierra. Mr. Chairman, in looking at the copy that has been handed to us by the staff, sir, I could see where you could come to that conclusion. But this is not a document we have ever seen.

Mr. Volkmer. Are you saying then, that the document that has on the top "John D. Smith, Manager, FEMA Educational Assistance Project, Triton Corp.", et cetera, "Invoice for Personal Services," and goes on down, and has $832.91 as a figure, has never been used or submitted by you to FEMA?

Mr. SALVATIERRA. No, sir. Not at all. The total figure, $877, is the figure that we corrected on ours and submitted it with the crossed-out figure. It wasn't anything we were trying to hide. It was an error on Ms. Koppel's part. We crossed it out, put the $877.

But this document that your staff has shown us, we have never seen this.

Mr. FERRI. One other point I would like to make is that in all of our invoices that we have we stamp them with a received stamp. And every one of these invoices in front of me except the one your staff has submitted has a received stamp. This one doesn't.

Mr. VOLKMER. The thing is she says, Ms. Koppel says, she submitted it in the amount of $832.91. You are saying that she submitted in the amount of $877.

Mr. SALVATIERRA. No, sir. I am saying she submitted $832.91. We ran a tape on her materials and found that she had erred in her favor, and corrected it, and submitted the $877. She had submitted 18 invoices, 4 of which ultimately had to be corrected. Three were corrected in her favor, one was corrected against her.

I believe the largest amount ranged from $6 to $49. Part of it, we think, was just a matter of how she computed her per diem.

Mr. FERRI. I might also point out, Mr. Chairman, after we got the $877, I think, we paid her in two checks, one for $250 and one for $627, for a total of $877.

Mr. VOLKMER. Still the question then, we undoubtedly got into this because she says this wasn't her signature on the $877. And undoubtedly from what you are telling us, it probably wasn't.

Mr. SALVATIERRA. That is correct. But we had nothing to do with that one.

Mr. VOLKMER. Sure you did. The $877 you did.

Mr. SALVATIERRA. Not on the one that was just submitted to us.

Mr. VOLKMER. The $877?

Mr. SALVATIERRA. On the $877, yes, sir, we corrected that.

Mr. VOLKMER. Someone down there at your place signed her name to it after you corrected it.

Mr. SALVATIERRA. No, no, no.

Mr. FERRI. If you look at that, Mr. Chairman, we corrected it but we didn't change her signature or anything like that. Any one of the things where she has made a wrong addition, her signature stands as it is.

Mr. VOLKMER. Wait a minute.

I have got one here that is for $300 and it says expense incurred, $577, and it doesn't have anything crossed out. And then it says total due, $877. That one has a date stamp at the bottom, September 15, 1983.

Mr. FERRI. We have one here where she calculated——

Mr. SALVATIERRA. Might it be easier if somehow we could come up there and see that we are talking off of the same pieces of paper? There seems to be some confusion what we are talking about.

Mr. VOLKMER. There is no question about it.

Mr. SALVATIERRA. Our records clearly indicate that she submitted to us a signed invoice from her requesting reimbursement for $832. And it was signed by her, addressed to John Smith. And it was stamped received with our own stamp, which is different from the one just shown to us.

We then ran a tape on her expenses and found that she had made an error. We crossed out the $832 and wrote $877, which is what she was entitled to by our calculations. That was then what was submitted.

Now, the document in which the issue of her signature is one we have never seen before.

Mr. **Packard**. Would the chairman yield, please?

Mr. **Volkmer**. Before I yield, it is very interesting. And sometime I wonder how we get to these things. Because the documents that we have came from FEMA's files. All right? They had undoubtedly had to come from you to get to FEMA.

Mr. **Salvatierra**. Not that document.

Mr. **Ferri**. We can show you the documents we submitted to FEMA.

Mr. **Volkmer**. Maybe none of these went from you to FEMA. Because the other two that I have that led to this inquiry don't even look like yours. As far as scratching out and filling in the signature—just one second.

Mr. Packard and I both agree that these signatures are not the same, yet for the same amount of money. The one that we have appears to be a poor photocopy, though.

So maybe somebody from FEMA made a copy and then just signed her name to it as a photocopy at the time, because their copy may not have come out clear. I don't know. I think we will just submit all copies perhaps——

Mr. **Packard**. Mr. Chairman, I don't believe it is even a photocopy. It appears to me they may have had someone personally write down to give them a copy. But none of it looks the same.

Mr. **Volkmer**. Maybe we can let the grand jury or the Justice Department look into it further. I don't need to go into that one.

[The documents referred to follow:]

INVOICE

INVOICE FROM FEMA DOCUMENTS

John D. Smith, Manager
FEMA Educational Assistance Project
TRITON Corporation
1825 Connecticut Avenue, N.W.
Suite 408
Washington, D.C. 20009

Invoice for Professional Services

Description of services, including dates performed

Consulting + NETC Curriculum Development
9-1 – 9-7 1983

2 days at $ 150 per day ....$ 300.0

Travel Expense plus
Expenses Incurred
(See attached detail of expenses and accompanying receipts).......$ 532.91

TOTAL DUE..$ 832.91

Please make checks payable to:
(Name) Anita Koppel
(Address) Oxford Heights
Manchester #2
Albany N.Y. 12203

Anita B. Koppel
(Consultant's Sig.)

INVOICE

INVOICE FROM FEMA DOCUMENTS

John D. Smith, Manager
FEMA Educational Assistance Project
TRITON Corporation
1825 Connecticut Avenue, N.W.
Suite 408
Washington, D.C. 20009

Invoice for Professional Services

Description of services, including dates performed

Consulting to NETC Curriculum Development
9-1 - 9-7 1983

2 days at $ 150 per day..$ 300

Expenses Incurred
(See attached detail of expenses and accompanying receipts).......$ 577

TOTAL DUE..$ 877.-

Please make checks payable to:
(Name) Anita Koppel
(Address) Oxford Heights
#2
Albany, NY

Anita Kopp
(Consultant's Sig.)

SEP 15

INVOICE

INVOICE PROVIDED BY TRITON

John D. Smith, Manager
FEMA Educational Assistance Project
TRITON Corporation
1825 Connecticut Avenue, N.W.
Suite 408
Washington, D.C. 20009

Invoice for Professional Services

Description of services, including dates performed

Consulting to NETC Curriculum Development
9-1 – 9-7 1983

2 days at $ 150 per day..$ 300.00

Travel Expense plus
Expenses Incurred 577.00
(See attached detail of expenses and accompanying receipts).......$ ~~532.91~~

TOTAL DUE..$ ~~832.91~~
877.00

Please make checks payable to:
(Name) Anita Koppel
(Address) Oxford Heights
Manchester #2
Albany N.Y. 12203

RECEIVED
SEP 15 1983

Anita B Koppel
(Consultant's Sig.)

Mr. **Volkmer**. I do have another one I would like to ask you about. We have a voucher—maybe you have a different one than we have on this one, too—dated August 10, 1983, for the services of Deborah Frame. It says for 3 days consulting work at $175 a day, a total of $525. But it doesn't specify what days were worked.

Ms. Frame's first name is spelled improperly. And the voucher is signed by a Richard G.—the last name is unreadable. Ms. Frame has told the subcommittee staff she never authorized anyone to sign for her and did not receive this money.

The question is, who signed it, what is it for, and who actually got the money.

Mr. **Salvatierra**. Well, this is not one of our invoices. I guess it is being characterized as hers, one of her invoices to us.

Mr. **Volkmer**. She never saw it, never signed it.

Mr. **Salvatierra**. It doesn't have any of our signatures on it. I don't know anything about this one at the moment.

Mr. **Volkmer**. It was in the FEMA documents along with your voucher for expenses for which you undoubtedly were reimbursed in that amount.

Mr. **Salvatierra**. Well, that I could not speculate on at the moment.

Mr. **Volkmer**. Maybe you owe that much more back to FEMA.

Mr. **Salvatierra**. I am sorry—have we left a question open here? That document, sir, I am not familiar with it.

Mr. **Ferri**. Mr. Chairman, I think the best we can do under the circumstances, since this doesn't look like some of the invoices here, we can examine our records and see whether this was actually billed to FEMA. You said you received it from FEMA.

Mr. **Volkmer**. That was in the FEMA records.

Mr. **Ferri**. And then find out whether Ms. Frame was actually paid that amount.

Mr. **Volkmer**. OK. You can check that out and give it for the record. I would appreciate it.

Mr. **Ferri**. We will do that, Mr. Chairman.

[The documents referred to follow:]

INVOICE

August 10, 83

TRITON Corporation
Attn: Bridgett Baumgartner
1825 Connecticut Ave., N.W.
Suite 408
Washington, D.C. 20009

AUG 16

Invoice for Professional Service for FEMA Contract #795

Three days at 175.00/day:	525.00
Expenses incurred:	-0-
TOTAL DUE:	525.00

Please make payable to:

Debra Frame
P.O. Box 816
Albany, NY 12291

Debra Frame

INVOICE

August 19, 1983

AUG 23

TRITON
Management and Governmental Consultants
1825 Connecticut Avenue. N.W.
Suite 408
Washington, D.C. 20009

ATT: Brigette Baumgartner
Comptroller

For Services Rendered Under FEMA Contract 795 August 10 - August

8 days at $175.per day $1400.00

Deborah Fram

Deborah Frame
Federal Emergency Management Agency -Office of the Associate Director
National Emergency Training Center
Emmitsburg, Maryland 21727

N.
Charge to current
contract

[The following information was supplied by Triton Corp.:]

In response to a question raised by Chairman Volkmer, regarding an invoice, dated August 10, 1983, on behalf of Deborah Frame, to wit Ms. Frame's first name was misspelled as "Debra"; the invoice was signed by someone other than herself; she claims not to have authorized anyone else to sign her name; and, further claims that the money, in the amount of $525.00, was never received by her.

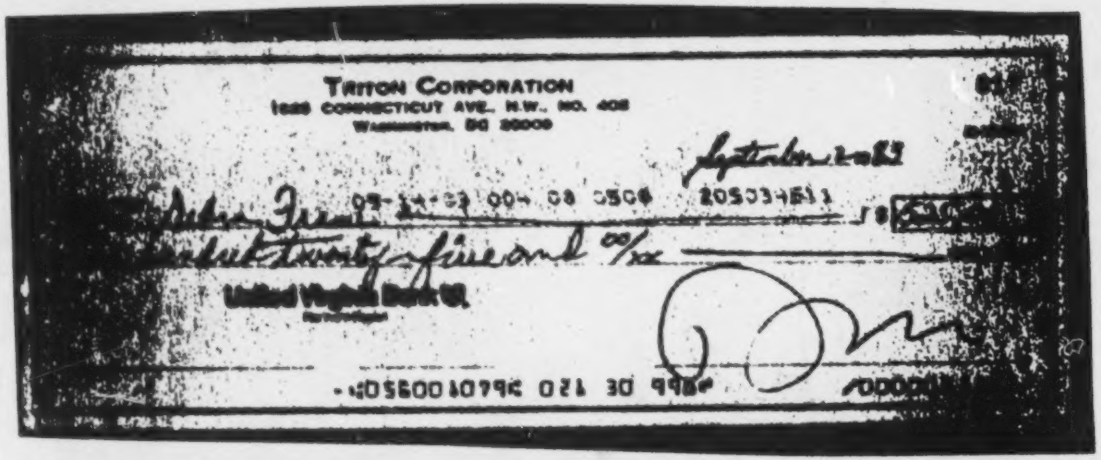
Initially, based on a perusal of the invoice during the hearing, it was stated that the invoice had not been furnished by Triton to FEMA. The poor quality of the multi-generation copy was such that the full signature of the person signing was not legible.

Following a review of Triton's files, however, it was discovered that the invoice was, in fact, prepared for Ms. Frame by Mr. Richard F. Scarino, then an Associate at Triton, and was, therefore, a legitimate document. A more legible copy of the invoice is furnished and indicates that Mr. Scarino signed, "Richard F. Scarino for", Ms. Frame, an accepted practice to facilitate processing, in the absence of the person.

Triton accounting records further indicate that the $525.00 was paid to Ms. Frame on September 2, 1983 by check number 617. A copy of the check was obtained from Triton's bank's records and is attached hereto. (Originals of Triton's checks are among the materials in the possession of the Department of Justice, so a better quality copy is not available.)

Further, a letter signed by Mr. Scarino to the Quality Inn, Pentagon City, reserving accommodations and authorizing billing to Triton, on behalf of Ms. Frame is attached. The letter is also dated August 10, 1983, the date of the questioned invoice.

The Frame invoice of August 10, 1983 was included in the Triton Invoice # 5080 to FEMA, dated August 19, 1983.



TRITON CORPORATION
1325 CONNECTICUT AVE., N.W., NO. 405
WASHINGTON, DC 20009

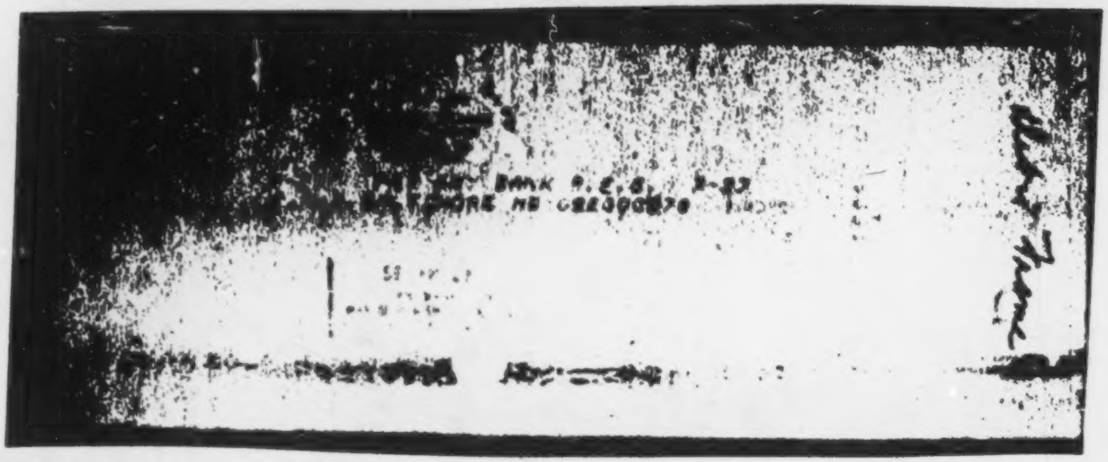
September 2 1983

Debra Freeman 09-14-83 004 08 0506 205034511

[illegible] twenty-five and 00/xx

United Virginia Bank [illegible]

056001079 021 30 996



Debra Freeman

BANK N.A. 9-83
MORE MD C52300670

10 August 1983

Ms. Beth Bell
Quality Inn - Pentagon City
300 Army-Navy Drive
Arlington, VA 22202

Dear Ms. Bell:

As per our conversation this morning please be advised that Ms. Debra Frame will be arriving at the Quality Inn tonight. I would appreciate it if her stay can be billed directly to TRITON Corporation.

If you have any questions please give me a call on 332-8310.

Sincerely,

Richard F. Scarino

Richard F. Scarino
Associate

RFS/sgt

cc: Albert Ferri
Bridgett Baumgartner
Files

TRITON
1825 Connecticut Ave., N.W., Suite 408, Washington, D.C. 20009 (202) 332 8310

Mr. VOLKMER. And on your vouchers for a period of April 1 through April 15, twice included a bill for Dr. Carter of Charleston College, cost of $500. Do you know anything about that?

Mr. SALVATIERRA. I believe so.

That particular invoice related to a conference that was being held at NETC and we were bringing in participants, and participants all are reimbursed the same. There was an L. Carter and an L. Comfort. I believe the invoice that was submitted had a typo that said L. Carter, L. Carter, when it should have been L. Carter, L. Comfort.

Mr. VOLKMER. For the purposes of the record, would you submit to us the names and addresses of all participants at that conference for that period?

Mr. SALVATIERRA. Yes, Mr. Chairman.

[The following information was supplied by Triton Corp.:]

During a FEMA/NASPAA Public Administration Faculty Workshop on Emergency Management, conducted May 20–June 2, 1984, there were two (2) Carters and one (1) Comfort in attendance. A typographical error was committed in the billing from Triton to FEMA which resulted in Louise Comfort being billed as L. Carter along with a second L. (Luther) Carter. A copy of the attendee list to the workshop is attached.

SENIOR EXECUTIVE POLICY CENTER
OFFICE OF PROGRAMS AND ACADEMICS
NATIONAL EMERGENCY TRAINING CENTER

Emmitsburg, MD 21727

Louis O. Giuffrida
Director

FEMA/NASPAA PUBLIC ADMINISTRATION
FACULTY WORKSHOP ON EMERGENCY MANAGEMENT

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Mr. **Volkmer**. By the way, I would like to know if you would also submit to the committee copies of the work product that were done by Mrs. Koppel and Mrs. Frame, if it is not too difficult.

Mr. **Salvatierra**. Very well, sir. We will do that. I think that also has been submitted to FEMA. But we will provide you with another copy, or a copy.

Mr. **Volkmer**. All right.

Do you have any questions?

Mr. **Packard**. Yes.

Mr. **Volkmer**. The gentleman from California.

Mr. **Packard**. I have been wanting to have you yield, but I have not been able to get that. So I will go ahead. And this will be going back and picking up on some of the things that I wished to address while they were under discussion.

Back to the Holiday Inn situation. As has been mentioned in the questioning, there was a bill for $5,616.41 in 1 month, and then the following month there was a $5,716.41—$100 difference. On the one from Holiday Inn for the $5,716, the very bottom line of that billing from Holiday Inn says "transferred to FEMA." And there was a credit for the $5,700 plus with no balance on the bill.

It appears to me that FEMA was billed for that, and not Triton. I would be interested in knowing if, in fact, Triton billed FEMA for the $5,716.41, or some other billing that represented that figure, even if it is close, or a $100 difference.

Mr. **Salvatierra**. OK. I believe we reimbursed Holiday Inn for the expenses related to that conference, and then, of course, we would have passed the costs—we would have billed the costs to FEMA.

But I will doublecheck on that.

Mr. **Packard**. The bill does not show that. The bill shows that FEMA stood the cost of that, and that there was no balance due on the billing. But then again, that needs to be——

Mr. **Ferri**. Congressman, sometime when we would have functions like that at the Holiday Inn or in an institution, instead of putting Triton, they would usually identify the Federal agency. We would be glad to check into that.

[The following information was supplied for the record:]

The $5,716.41 invoice from the Holiday Inn to cover costs of the Community Based Fire Prevention Workshop activities, was invoiced to Triton by the Holiday Inn. Triton, in turn, invoiced it to FEMA. Payment was made by Triton after it received payment from FEMA.

The item was not double-billed, to the best of our knowledge. Details of the billing from the Holiday Inn to cover the above costs are part of the materials removed from Triton's files by the Department of Justice and are not currently available.

Mr. **Packard**. I am simply interested in knowing whether it was billed to FEMA, and then further billed from you to FEMA again. That is what I would be interested in knowing.

Mr. **Salvatierra**. Yes, sir.

Mr. **Packard**. Especially when there is double billing in some cases, and your testimony indicates it is inadvertent.

Now, relative to the Capitol Hill Club issue, and the Bush event, how often do you pay your bills to Capitol Hill Club?

Mr. **Ferri**. Do I personally?

Mr. **Packard**. Does your firm. When do you pay your bills? Monthly? Or do you pay them individually when they arrive? How do you handle the payment of your bills?

Mr. **Salvatierra**. Well, we pay them whenever we have some money. And it is a function sometimes of just juggling one bill over another, who gets paid first. It is a function of who we feel is more critical to the continuing operation without disruption.

If I may add, sir, that is one reason we are constantly bugging the agency to see if they could pay us less slowly, because as of right now we have got this $400,000 that is owed to us, people have to be paid, and however we can get the money, we will pay them.

Mr. **Packard**. The reason for the question is that I noticed on the billing from Capitol Hill Club that it bills $2,000 for the Bush event and $35 for dues. The $35 is 30 days overdue, and the $2,000 is added to the $35 to make it a current billing. And I was wondering if you pay your bills monthly, or if you pay them when you can. Apparently what you have said is that you pay them as you get the money.

Capitol Hill Club, however, on the other hand, bills monthly from what I understand. And it would appear to me that your statement that in paying, your clerk just lumped it among other and assumed it was to be paid by FEMA, billed to FEMA.

It would be interesting to know whether the Capitol Hill Club lumped together billings for a given period of time, or a month, that might have contributed to that confusion or whether, in fact, it was a single monthly billing and the confusion was not really there.

I am not, I guess, persuaded that the Capitol Hill Club didn't make it rather clear that their billing was for a specific month. There are no other bills or no other conferences, no other inclusions on their billing that could be confused.

Now, maybe that doesn't answer the question.

Do you have any comment relative to the billing procedures that you received from the Capitol Hill Club, which I think come once a month.

Mr. **Salvatierra**. I am not sure how quickly they are able to process their own bills. But we do get a monthly bill from Capitol Hill Club. And how current and how quickly they are able to move it——

Mr. **Packard** The reason for the question is, how could you have mix-ups to where you would confuse it with other billings.

Mr. **Salvatierra**. We had been receiving billings, we had been incurring costs to Capitol Hill related to FEMA activities. And the bills coming in could have just as easily been for one or the other. And that was the confusion perhaps.

Mr. **Packard**. It would be difficult for me to understand if you pay on a monthly basis. But apparently you do not pay the bills on a monthly basis.

Mr. **Ferri**. Congressman, that particular bill in question was on my account at the Capitol Hill Club which I do pay usually in 30 days. In this particular instance, we have a system within the firm for claiming general entertainment activities.

And I had gone on a trip, was out of the country, and had submitted the bill in to be paid under entertainment, and I believe in looking at the invoices, half of it was paid. When I returned, I saw a statement from the club saying it was overdue payment. They post your names and all that kind of stuff.

So I recall going into the comptroller's office and again asking why hadn't this been paid under the entertainment activities. And I think at that time we were talking in terms of several functions had taken place at the Capitol Hill Club, some which were under the contract, and these bills were all submitted at the same time. The payments clerk or whoever just aggregated Capitol Hill Club, Capitol Hill Club.

Mr. PACKARD. That is the reason for my line of questioning. If they were all submitted at the same time they would all be on one bill. And they do not appear all on one bill. The Bush event appeared as a separate single individual bill which I would assume is the only event they billed you on for that month, because they bill monthly.

Mr. FERRI. What I am saying is the expense bills I had incurred all had been submitted at one time. Some of the contract activities and Capitol Hill Club bills came in at the same time. Based on our look into the matter, it seems that when the clerk saw Capitol Hill Culb, that bill and other bills, they were lumped together.

Mr. SALVATIERRA. Additionally, it didn't all come in under the same account. There was Mr. Ferri's personal account, part of the bill came in, and then part of it from some of the FEMA activities was billed directly to us. So we wound up getting multiple billings.

Mr. PACKARD. If that is the confusion, then I would assume you could verify that there were other accounts that came in that same month. The only one we see is the one to Mr. Ferri from Capitol Hill, and that is for the Bush event.

Mr. FERRI. Correct.

Mr. PACKARD. If they bill only monthly, then I would assume there are no other conferences in that month that you would be billed for, and if there were, they would show up on this bill.

Mr. FERRI. Not necessarily, because in some cases we were trying to arrange—because of the payments problem we were having with FEMA, we utilized facilities like the Capitol Hill Club, one, because we had accounts, and that doing things like this with the Agency was risky business.

They were sometimes averaging 50 days or more behind in paying invoices. And in some cases the Capitol Hill Club would submit us an individual statement. In other cases, like in that, it was a statement on my account.

Mr. PACKARD. OK. Let me go to a different subject. Once Triton was placed on the fast track billing system, which allowed your company to be paid rapidly, do you feel that your billings were adequately monitored and reviewed before they were submitted to FEMA for payment?

Mr. SALVATIERRA. Well, sir, I didn't know that we were on any kind of fast track billing. We were trying very hard to make sure we were less slow. We had been experiencing difficulties and time delays that ranged as much as 120, 130 days to get paid.

The problem compounded for us in terms of just cash flow was the fact that over the course of 30 months of working with FEMA, we have used over 400 consultants and adjunct faculty, providing some very technical areas of service.

The agreements that we sign with the subcontractors stipulate that they do not get paid until we get paid. So we are constantly getting bombarded by consultants who are most annoyed that they have not gotten paid in a good period of time.

We would complain to the Agency about this problem and we have continued to take the heat from our subcontractors and consultants.

At one point we just got annoyed and said, "Enough is enough. You guys start calling directly to the agency and bug them about it."

It is my understanding at some point that the Agency started to get these calls from irate consultants and then the problem, I guess, was looked into. It wasn't until later that we found out that there was a fast track payment that we were put on.

But even under the best conditions, I don't think we would get paid any sooner than 30 days at best.

Mr. **Packard**. Well, answer the question. Do you feel that the review process is adequate to avoid duplication, to avoid improper billing, et cetera, to FEMA?

Mr. **Salvatierra**. Yes, sir. The whole purpose, as I understood of the way it worked, was we would have an opportunity to submit invoices and be paid for it while the Agency would have a whole month to review and make an adjustment.

If there was a question of cost it could be corrected on the subsequent invoice. But at least we were not hampered by not being able to get any money coming into the company to pay for continued support of the agency activities.

Mr. **Packard**. The concern, of course, is that during what FEMA has identified as a fast track billing system, it was during that time that the confusions have arisen relative to duplicate billings and billing FEMA for social events, and have since been reimbursed, or through paperwork.

I am interested in what assurances we might have as members of the subcommittee that these kinds of duplications will not continue. Obviously, the same system is in place. I am interested to know if there are systems or review processes that have been changed from the time of the confusions that would give us assurances that there is not going to be a continuation of double billing or improper billing which we may not see or uncover because of no investigation going on.

Mr. **Salvatierra**. Mr. Packard, I can only address that with respect to Triton Corp.

These errors have really created a problem for us in terms of our reputation, our ability to perform our work. And we take this very seriously.

We have made every effort we can to have a stronger review process. Perhaps we were a little hasty in trying to at the end of the month get invoices out because of our cash-flow situation.

But in hindsight, it would have clearly been better to have waited an extra day or two to get these things out and make doubly sure. That is the process we are doing now.

With respect to the Agency, we tried to work with them in getting as many copies of our invoices out to the different project officers so that they can all have immediate review. An invoice sometimes can be broken down to as many as a dozen different tasks.

Each task has a different responsible FEMA adjunct faculty member to it. In the past we have found that everybody had to sign off.

It takes 2 or 3 days at best to move it from one person to the next. And this thing just goes on and on. What we have done is, in addition to going over deliberately and carefully our invoices, is then send copies to all the people involved so they have immediate review of it and perhaps avoid the errors that have occurred.

Mr. FERRI. Mr. Packard, one thing I would like to add to that comment is that as far as our system goes, DCAA has been through the company and audited and checked out the system. In fact, there was a recent one in terms of system.

If I might correct something I said earlier, I said earlier I thought DCAA had disallowed 0.03 percent. It is my understanding that they have questioned 0.03 of our expenses in terms of under Government contracts.

So our system, while we are constantly trying to make improvements to it, as far as DCAA is concerned, is functioning. We look for the cooperation of the Agency to avoid these kinds of problems.

Mr. PACKARD. You understand that we certainly have no problems with Government paying their legitimate bills and we would prefer that they be paid on a timely basis.

Obviously, the taxpayers ought not to be called upon to pay for mistakes. That is what we want to avoid in the future.

Thank you.

Mr. VOLKMER. I just have one other area I would like to cover very briefly.

Mr. Salvatierra, maybe you or Mr. Ferri can tell me, under what type of contract do you presently have a contract with FEMA?

Mr. SALVATIERRA. What kind of contract?

Mr. VOLKMER. Yes; under what provisions of the law?

Mr. SALVATIERRA. It is a cost reimbursable contract under the Small Business Administration 8(a) program.

Mr. VOLKMER. That is for disadvanaged minorities?

Mr. SALVATIERRA. Correct, sir.

Mr. VOLKMER. Are you a disadvantaged minority?

Mr. SALVATIERRA. I am Mexican-American.

Mr. VOLKMER. I didn't ask that question, Mr. Salvatierra. I know you are Mexican-American. You are a minority to that extent. The question is, are you disadvantaged?

Mr. SALVATIERRA. Well, when we made the application and when we worked with SBA, that was, in fact, a determination.

Mr. FERRI. SBA has made that determination.

Mr. VOLKMER. Let me ask you, Mr. Salvatierra, just out of curiosity, what type of automobile do you drive?

Mr. SALVATIERRA. I have a 1982 240D Mercedes.

Mr. PACKARD. Mr. Chairman, I'm not here to defend whether this is a disadvantaged minority corporation. In my review of that whole system, it needs to be well looked at by the Congress in terms of whether it is doing what it was intended to do.

I am getting many, many complaints from my district, businesses, both minorities and nonminority contractors, that it has some deep, deep trouble in terms of its operation and fairness.

So your questions, I think, are well taken. I am not sure that this group is doing anything other than following the regulations.

Mr. VOLKMER. I am not saying that they are not following the law and everything, but I am just curious as to this time and I am not saying that you were not at the time previously.

I have a question in my own mind at this time and that would be something for the SBA to determine, whether you fall within the 8(a) classification at this time.

Do you still feel that you do?

Mr. SALVATIERRA. Yes, sir.

Mr. VOLKMER. OK.

Mr. TRAFICANT. Mr. Chairman?

Mr. VOLKMER. Yes, sir.

Mr. TRAFICANT. What is the total gross revenue that you earned for 1984, your firm?

Mr. SALVATIERRA. We invoiced somewhere around $4.8 million and had, I believe, revenues of about $4 million.

Mr. TRAFICANT. How much of it came from FEMA?

Mr. SALVATIERRA. I think revenues about $1.8. I am guessing at the moment. Invoices maybe $2 million, and I am guessing at the moment that that is more or less the figures.

Mr. TRAFICANT. Does the Justice Department, have copies of all the vouchers similar to the types of vouchers we discussed here today? Have they taken all of those or do you still have many of them in your possession?

Mr. SALVATIERRA. I believe at the moment they have most of them.

Mr. TRAFICANT. I would like for you to check and if you have any vouchers in the name of Deborah Frame and Ms. Koppel, please make those specifically available to the committee.

I have no further questions.

Mr. VOLKMER. I have no further questions and I would appreciate it if you would submit it to us as soon as possible the list on the Holiday Inn expenditures, and the $33,000 on that. I would appreciate it.

I did not wish in any way, Mr. Salvatierra, to lead you to believe, and I don't want you to leave here thinking that I don't look upon you as one of a minority.

The question is, whether at this time through your successful operation that you are still disadvantaged? You understand what I mean?

Mr. SALVATIERRA. Yes, sir, I took no offense.

Mr. VOLKMER. I want you to understand that.

Thank you very much for being here and I appreciate your assistance in this hearing.

At this time we continue with the hearing and our next panel of witnesses will be Paula Smith-Elsey, William Elsey, and Isaac Gibson.

Before proceeding I would like for all of you to raise your right hand and be sworn. Have the reporter show that all three witnesses raised their hands. I would appreciate it if you would answer in the affirmative to the following:

Do you and each of you solemnly swear that the testimony you are about to give will be the truth, the whole truth and nothing but the truth, so help you God?

Let the record show that all the witnesses answered in the affirmative to the oath.

At this time, I would like to offer you the opportunity to make any statement that you would like to make. We will begin with Mr. Gibson and then follow with Mrs. Smith-Elsey and then Mr. Elsey for any statement that you would like to make first.

Mr. Gibson.

TESTIMONY OF ISAAC GIBSON, PRESIDENT, IMR CORP., ACCOMPANIED BY PAULA SMITH-ELSEY AND WILLIAM ELSEY

Mr. GIBSON. Yes, sir, Mr. Chairman.

I appreciate the opportunity to appear before your committee today and to answer any questions which you may have with respect to IMR's work with the FEMA activity and the charges which this committee has alleged against the IMR and FEMA activity. Thank you.

Mr. VOLKMER. Thank you very much.

Mr. Elsey, do you have anything you would like to say?

Mr. ELSEY. No, sir.

Mr. VOLKMER. Mrs. Elsey?

Mrs. ELSEY. No, sir.

Mr. VOLKMER. I have a few questions and I would like to begin with you, if I may, Mr. Gibson.

Mr. GIBSON. Yes, sir.

Mr. VOLKMER. How much equity do you have in IMR?

Mr. GIBSON. I have 100 percent equity in the corporation at this time. I have always had 100 percent equity in the corporation from the date of its formation.

Mr. VOLKMER. You own IMR?

Mr. GIBSON. That is correct, sir.

Mr. VOLKMER. Have you received benefits from IMR?

Mr. GIBSON. Yes, sir, I do.

Mr. VOLKMER. Are those by contract or is that by payment of dividends or how?

Mr. GIBSON. No, sir. I function as the president and chief operating officer of the corporation. I am compensated as I deem appropriate on a biweekly basis. If I elect to declare a dividend or pay myself a bonus, I do so.

Mr. VOLKMER. Do you presently owe back payroll taxes to the Internal Revenue Service?

Mr. GIBSON. That is correct, I do sir.

Mr. VOLKMER. Approximately $1 million?

Mr. GIBSON. No, sir, that is incorrect.

Mr. VOLKMER. Approximately how much?

Mr. GIBSON. There are approximately $400,000 worth of penalties, interest and so-forth and due to an internal sabotage problem which we had in October 1983 I believe we had a slippage for two reporting periods for an extended period of time and it did roll up a sizeable amount of penalties.

Mr. VOLKMER. Isn't it true that the Defense Contract Auditing Agency has found problems with your accounting system?

Mr. GIBSON. The Defense Contracting Agency did find problems with our accounting systems during the early part of 1983, yes, sir. That was correct.

Mr. VOLKMER. And did you not request that some of the tasks or contracts be placed on strictly what I guess I would call a contract price form rather than a reimbursable form; is that correct?

Mr. GIBSON. No, sir, I made no request to anyone.

Mr. VOLKMER. In other words, a flat rate charge or anything like that?

Mr. GIBSON. No, sir, I made no request to any agency to treat the IMR Corp. with respect to contracting any other way than they normally treat anybody else.

Mr. VOLKMER. Mr. Elsey have any contracts with FEMA been on that type of contract where it is just strictly a contractual price?

Mr. ELSEY. You mean like a fixed price contract?

Mr. VOLKMER. Yes, sir.

Mr. ELSEY. Yes, sir, some of our contracts were that way.

Mr. VOLKMER. Now, wait a minute. Your contracts are different than Mr. Gibson's?

Mr. ELSEY. IMR's contracts.

Mr. VOLKMER. Who is IMR?

Mr. GIBSON. Sir, perhaps I should explain the structure of the corporation, if that will help.

Mr. VOLKMER. All right. Maybe I could understand it a little better.

Mr. GIBSON. The corporation is structured under the divisional concept, with a division in Kansas City, with operating activities in New Jersey. That particular division has operating activities in New Jersey; Indiana; Hampton, VA; Austin, TX; and Sumter, SC. The head of that division functions as an entrepreneur. He hires his staff, he develops the business and he makes reports to me on a monthly basis.

The Falls Church activity which was headed by Mr. Elsey, functioned in the same sort of structure. It functions as a division with a division head who is responsible for developing business, hiring employees, and firing employees.

I have a Rosslyn division where my office operates and it functions accordingly.

Mr. VOLKMER. What control do you have over Mr. Elsey's division?

Mr. GIBSON. Mr. Elsey's division, as the Kansas City division, makes a report to me on a monthly basis or as I otherwise request those reports as to the activities of his operations.

Mr. VOLKMER. Yes, sir, but what control do you have?

Mr. GIBSON. I have accounting controls. I have audit controls. I have financial reporting controls.

Mr. VOLKMER. Who pays the employees?

Mr. GIBSON. Who pays the employees?

Mr. VOLKMER. Yes, sir.

Mr. **Gibson**. I am responsible for the payment of the employees but at the division level the division directors have authority to make disbursement on funds up to a given amount, including payroll.

Mr. **Packard**. Mr. Chairman, would you yield?

Mr. **Volkmer**. I yield, but I am not finished.

Mr. **Packard**. I am sure you are not.

Do you have the authority to fire your division leaders?

Mr. **Gibson**. Oh, yes, sir, I do, and have done so.

Mr. **Packard**. So they report to you?

Mr. **Gibson**. Oh, yes, sir.

Mr. **Packard**. If a division did not make it financially, how would that affect other divisions or the company generally?

Mr. **Gibson**. If the division does not make it financially, it comes out of my hide if it is there. If I find that a division is not functioning properly then it is my responsibility to take the appropriate action.

Mr. **Packard**. So a division is not autonomous?

Mr. **Gibson**. That is correct.

Mr. **Packard**. It is not like a franchise?

Mr. **Gibson**. No, sir, it is not.

Mr. **Volkmer**. Mr. Gibson, who operates the FEMA contract?

Mr. **Gibson**. You mean who manages and directs it?

Mr. **Volkmer**. Who manages it, directs it and makes the submissions and hires the people and submits the vouchers and everything? Who does that?

Mr. **Gibson**. The FEMA contract has one division director and under that division director he may have project managers and under those project managers, task leaders. And that was Mr. Elsey's responsibility to insure the proper managing of the FEMA activity.

Mr. **Volkmer**. Now who is that division manager there?

Mr. **Gibson**. Mr. William Elsey.

Mr. **Volkmer**. So he actually runs the FEMA contract?

Mr. **Gibson**. That is correct.

Mr. **Volkmer**. How much did you invest in Mr. Elsey's division?

Mr. **Gibson**. How much did I invest in it?

Mr. **Volkmer**. In money? You know, you have got to have an office. You have got to have furniture, typewriters. How much of that did your corporation put into Mr. Elsey's division?

Mr. **Gibson**. I would have to refer to my records, sir. From time to time I would insure that payrolls were met. I believe in 1982 the division was suffering drastically from the lack of work. I put approximately $175,000 worth of contractual activity in that particular division.

During the 1984-85 timeframe I contributed to the payroll a number of times. The exact number of dollars I would have to look up.

Mr. **Volkmer**. How much of the office furniture, et cetera did you furnish?

Mr. **Gibson**. Did I furnish? Office furniture?

Mr. **Volkmer**. The corporation, equipment, and everything?

Mr. **Gibson**. I furnished no equipment with respect to it or furniture.

Mr. VOLKMER. For Mr. Elsey's division?

Mr. GIBSON. No, sir.

Mr. VOLKMER. Mr. Elsey, do you have any furniture, do you have any typewriters? Do you have those things?

Mr. ELSEY. Yes, sir, we do.

Mr. VOLKMER. Where did you get them?

Mr. ELSEY. Bought them.

Mr. VOLKMER. With whose money?

Mr. ELSEY. The continuing flow of funds from the operation.

Mr. GIBSON. The corporation.

Mr. VOLKMER. In other words, the operation from FEMA?

Mr. ELSEY. Well, most of our contracts were with FEMA. In the past couple of years previous to that we had some with the Department of Energy.

Mr. VOLKMER. And you received the money from the Government that actually bought the equipment and supplies, pays the telephone bills and that type of thing, correct?

Mr. ELSEY. Right, correct.

Mr. VOLKMER. And Mr. Gibson did not provide any of those funds, is that correct, Mr. Gibson?

Mr. GIBSON. That may be correct in that if I get a call from a division head, as I did in Kansas City only yesterday, that he has a shortage of $5,000 or $10,000 for a given period of time, I may ask him for the details associated with that shortage and make a transfer to satisfy that.

Mr. Elsey's operations were no different from the operation in Kansas City. He too has office furniture and he has equipment. I did not necessarily select his office furniture or equipment for him. He does, indeed, collect funds at his location in Kansas City. He may use a portion of those funds in accordance with the standard operating procedures of the corporation at the level he is authorized to purchase the necessary housekeeping items or utilities to satisfy his needs.

Mr. VOLKMER. Mr. Elsey, how much of the money that you received from the FEMA contracts have you paid over to Mr. Gibson and the IMR Corporation itself?

Mr. ELSEY. I am not sure exactly how much that would be. My guess is that in the early years there really was not much to pay over since we did not have any insertion of capital to start out with, it was just from hand to mouth.

The last number I think I heard was in 1984 that we paid something like $150,000 in G&A to the corporate headquarters.

Mr. VOLKMER. You paid $150,000 to Mr. Gibson's corporation; correct?

Mr. ELSEY. Right.

Mr. VOLKMER. What did you receive for that?

Mr. ELSEY. Well, that is supposed to cover the cost of operating the corporation and the corporate headquarters office and company accounting and lawyers and that type of thing.

Mr. VOLKMER. Well, who does your accounting for you?

Mr. ELSEY. We have a bookkeeper who keeps the accounting records for the division.

Mr. VOLKMER. And who submits the vouchers, prepares the vouchers and submits them to FEMA?

Mr. **Elsey**. We do at the divisional level.

Mr. **Volkmer**. Who does all of the work on--whether it is editorial work or curriculum or anything that, who does that?

Mr. **Elsey**. Employees of the corporation.

Mr. **Volkmer**. Your division or Mr. Gibson's?

Mr. **Elsey**. The division.

Mr. **Volkmer**. It is done out of Falls Church and not out of Rosslyn?

Mr. **Elsey**. Basically, right, yes, sir.

Mr. **Gibson**. Let me correct one thing.

Mr. **Volkmer**. What I am trying to get at is, and what bothers me a little bit, I think I know what you are saying is that the money that you have sent to Mr. Gibson has basically gone to whatever expenses are there in that corporation. But what I can't find, Mr. Gibson, is the expenses that you have incurred and that corporation has incurred on behalf of Mr. Elsey's division.

Mr. **Gibson**. Mr. Chairman, the DCAA will only allow the recovery of revenues associated with contracts and the operation of the corporation based on certain established guidelines.

I am able to charge the division only what is called G&A, G&A only.

Mr. **Volkmer**. What do you mean G&A?

Mr. **Gibson**. They define it as general and administrative expenses.

In other words, if in Elsey's operations, if he has $1 million worth of, shall we say, labor or $1 million worth of revenue annually, then before profit the G&A will only allow the actual cost, which is defined by the burden of my operations against those contracts.

In other words, the bill that goes out of the door to FEMA has the direct costs associated with that particular bill, that is, the number of hours and employees worked on that particular bill, the cost of electricity, the office space and a prorated portion of my costs.

My cost is identified as the staff that support me, the office that I perform in, the electricity, the gas, the furniture, et cetera, that may be represented in that particular office, and charged to Elsey's contract or the contract in Leavenworth, KS or the contract in Crane, IN.

He cannot arbitrarily, and neither can I, say send me $100 or $200 or $300 or $400 or $500 thousand. It does not work that way.

Now, with respect to where do the funds come from to pay for furniture or whatever, revenue that is collected from contractors, I may authorize a portion of the overhead charges to be applied against the chairs, desks, tables, and so forth, without necessarily taking it out of my pocket.

Mr. **Volkmer**. Mr. Gibson, I would just like to ask you how many employees do you have in your "home office" of your corporation?

Mr. **Gibson**. It has ranged from 15 to 20 people.

Mr. **Volkmer**. And that would be approximately the number you have on hand like in the last year of 1984?

Mr. **Gibson**. That is correct.

Mr. **Volkmer**. Approximately. That would not include your outside lawyers and things like that?

Mr. **Gibson**. That is correct, sir.

Mr. **Volkmer**. Or accountants. That would be in addition?

Mr. Elsey, approximately how many people have you used within your division, either as consultants or employees in 1984?

Mr. **Elsey**. If you open it up to consultants, I don't know. I would guess maybe as many as 100. We have approximately, I would say, 30 full-time employees and we probably have as many as 60 or so consultants that we use from time to time or as adjunct faculty on teaching jobs or that type of thing.

Mr. **Volkmer**. And of those, Mr. Elsey, just out of curiosity, how many would you say are of minority?

Mr. **Elsey**. In 1984 I think we had two people on the professional staff that were black and on the support staff we have one Eurasian.

Mr. **Volkmer**. So out of 100 consultants and everything you have three?

Mr. **Elsey**. Well, I would say it is out of 30. I don't think 100 is the way to look at it.

Mr. **Volkmer**. Three out of 30?

Mr. **Elsey**. Right.

Mr. **Volkmer**. Mr. Elsey, do you own a firm named Energy Marketing and Analysis, Inc.?

Mr. **Elsey**. Yes, sir, EMA.

Mr. **Volkmer**. What does that firm do?

Mr. **Elsey**. It does leasing of equipment and it does consulting services.

Mr. **Volkmer**. And who does it contract with?

Mr. **Elsey**. It contracts with IMR and other people.

Mr. **Volkmer**. And then the contracts with IMR, do those pertain to IMR's contracts with FEMA?

Mr. **Elsey**. Not specifically. They pertain to leasing office equipment that we needed just in general to operate.

Mr. **Volkmer**. Mrs. Elsey, do you have any position or earn any capital in EMA?

Mrs. **Smith-Elsey**. No, sir, I have never been an officer in any corporation.[1]

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[1] See letter next page.

5230 Navaho Drive
Alexandria, VA 22312
March 25, 1985

Honorable Harold Volkmer
Chairman
Subcommittee on Investigations
and Oversight
822 HOBA #1
Washington, D. C. 20515

Reference: Hearings of March 11, 1985

Dear Mr. Volkmer:

In reviewing the transcript of my testimony before your committee on March 11, I noticed the following need for clarification.

On Page 286, Line 6835, I indicated that I never had been an officer in any corporation in responding to your question relative to my possible connection with EMMA. While the transcript is accurate in reflecting what I said that day, I was thinking in terms of the formal position within the corporate structure as required in registering EMMA with the Commonwealth of Virginia. In that sense, I am not an officer of EMMA. I have however, the title within EMMA of Vice President Operations and am authorized to sign contracts for EMMA.

If additional information regarding this matter is required, please do not hesitate to call on me. I apologize for any inconvenience this may cause the committee.

Sincerely yours,

Paula Smith-Elsey

Paula Smith-Elsey

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Mr. VOLKMER. But you don't hold any position or have any capital invested in that company?

Mrs. SMITH-ELSEY. No, sir, I do not. I know that was published in the newspapers and it was incorrect.

Mr. VOLKMER. Your wife, Mr. Esley, is she an employee of IMR?

Mr. ELSEY. Not right now. She was at one time.

Mr. VOLKMER. She has been at one time?

Now, according to some of the records we have, Mr. Elsey, you wrote yourself an $8,000 bonus check from IMR and charged it to one of your FEMA contracts, is that correct?

Mr. ELSEY. No, that is not correct.

I had an $8,000 bonus, but I did not charge it to FEMA.

Mr. VOLKMER. How did it get in the FEMA records?

Mr. GIBSON. Mr. Chairman, that check was indeed issued as an $8,000 check to Mr. Elsey. The $8,000 disbursement is not necessarily a charge against a FEMA contract.

Again, the concept under which the corporation operates is that there are, indeed, three divisions with division heads. Those division heads are charged with the responsibility of developing business. They are paid bonuses at the end of each year based upon profits within their division as well as the division which they develop.

Now those dollars are indeed charged against a category which we call, and which DCAA declares as overhead. The overhead cost is then spread over all contracts, not any one or any given contract as is the case of insurance or FICA.

Mr. VOLKMER. In other words, the bonus ends up being paid by the Government?

Mr. GIBSON. Yes, sir, that is correct.

Mr. VOLKMER. So you give yourself a bonus and let the taxpayers pay it. That is pretty good.

Mr. GIBSON. Well, sir, the bonuses are again negotiated as a part of compensation. In a small corporation, if one comes in at a reduced salary, sometimes you do structure a situation where you try to make it up at the end of the year.

Mr. VOLKMER. Who are they negotiated with?

Mr. GIBSON. Who are the——

Mr. VOLKMER. The bonus awards negotiated with?

Mr. GIBSON. During the employment of a division chief, yes, I do negotiate compensation. As a part of that compensation, in the place of salaries or dollars on a biweekly or monthly basis, sometimes we will negotiate again bonuses. We will negotiate life insurance plans or whatever, to reduce the cost or immediate cost of salaries, monthly costs.

Mr. VOLKMER. Are you saying then that the bonuses are nothing more than an addition to the salary?

Mr. GIBSON. It is no more than what would have been if indeed, had the bonus not been there, then of course the salary would have been increased in the beginning.

Mr. VOLKMER. Well, but you don't charge, or do you charge off salaries directly to FEMA, Mr. Elsey, when you submit these proposals?

Mr. ELSEY. Mr. Chairman, the way things work is we would get task orders issued by FEMA to do certain items of work. In the type of contract we had, there were several different kinds of labor categories, and depending on who worked and what their labor category was, that would determine the billing. It was a fixed rate.

Mr. VOLKMER. And if you did work on it, you received compensation under that contract?

Mr. ELSEY. Right.

Mr. VOLKMER. Why would you be entitled to another bonus from the same agency for doing that work, whether you did it good or bad, or indifferent? It is supposed to be done good isn't it, done well?

Mr. ELSEY. I think you are misunderstanding sort of the way things work in the sense that in general, I would not necessarily bill anything directly to FEMA. It depends on the type of tasks we have, the workload, that whole type of thing. My job was basically to run the overall operation, and in general, that is not a type of thing where you bill it directly to FEMA on a labor type contract. That is part of the overhead rate that adjusts the rates. When you bill somebody on a Government contract, you bill based on your salary, plus an overhead rate, plus a G&A rate, plus a fee.

Well, in general, I would be covered under the overhead and the G&A type of arrangement. So I don't normally bill, unless it was a particular contract that required my specific expertise to do.

Mr. VOLKMER. Yes, well, I agree that you yourself would not be in the billing except unless you were performing some of the functions. Then you would.

Mr. ELSEY. Yes

Mr. VOLKMER. Otherwise you are covered in the overhead?

Mr. ELSEY. Right.

Mr. VOLKMER. But I still don't get where we get to the bonus. The gentleman from California.

Mr. PACKARD. Maybe there is a way that I can inquire as to how this fits into your process of contracting.

When a developer contracts to build your home or build a commercial building, they will bid on the basis of costs and that will include salaries, and that will include overhead. And then in addition, most contractors will put an 8 or a 10 percent management fee as part of the bid contract. Do you have a flat percentage that is included in each of your contractual arrangements that make up the $8,000, or is that arbitrary, or how is that done? Or is it done like a building contractor?

Mr. GIBSON. Mr. Packard, in the case of FEMA—well, the answer to your question is yes. And we do it annually. When we project an offer to FEMA, proposed overhead, G&A rate for a new year, as we will do for 1985, we will include in those rates estimates for bonuses and our G&A.

Mr. PACKARD. Every project you do has what you call a bonus?

Mr. GIBSON. Well, the bonus is spread over all contracts, shall we say. If we have a personnel labor pool of $1 million, and that $1 million represents 10 contracts, then of course the bonuses are then spread over all contracts.

I will say in the case of FEMA, however, that many of the contracts which we have with FEMA have no fee or profit line on them, none whatsoever.

Mr. PACKARD. Is this customary to have a bonus?

Mr. GIBSON. No, sir.

Mr. PACKARD. No, no Is it customary for other agencies like yourself dealing with Government projects and organizations to have the bonus concept?

Mr. GIBSON. Yes, sir. It is not an unusual situation. It is a common situation.

Mr. PACKARD. Is it a percentage of your total billing? The $8,000, where did you get an $8,000 figure?

Who determined how much the bonus should be?

Mr. GIBSON. The $8,000 bonus to Mr. Elsey was based upon his compensation plan, based upon revenues in his division.

Mr. PACKARD. So it was a percentage of the revenue?

Mr. GIBSON. In his division, yes.

Mr. PACKARD. Thank you.

Mr. TRAFICANT. Mr. Chairman.

Mr. VOLKMER. Yes, the gentleman from Ohio.

Mr. TRAFICANT. If I am correct, I interpret you as saying that IMR has three minorities out of a total of 30 employees?

Mr. GIBSON. No sir, that was not the case.

Mr. TRAFICANT. In Elsey's division.

What are the percentages of minorities employed in the entire IMR corporate structure, sir?

Mr. GIBSON. At my activity, I cannot tell you the percentage but the majority are indeed minority.

Mr. TRAFICANT. My question then, Mr. Elsey, your EMA group there, the corporation, they contract with IMR, is that correct?

Mr. ELSEY. No, I think you are getting the wrong idea, sir. The EMA thing was just strictly to do the leasing of the equipment. It doesn't have anything to do with people or the performance of contracts by IMR and FEMA or anything else.

Mr. TRAFICANT. So you are a director of the Kansas City Division of IMR?

Mr. ELSEY. Falls Church division.

Mr. GIBSON. Sir, if I may just follow up on that for a moment. In 1982 or 1983 the Falls Church activity for which Mr. Elsey was responsible had a requirement to support FEMA in the professional services area. It required computer equipment and word processing equipment. We were indeed extended financially elsewhere. Mr. Elsey came to me, provided me with a requirement for the equipment. I was not successful in acquiring that equipment through local banking authorities. We were extended. He did approach National Bank of Washington. I authorized him to do so. The National Bank of Washington authorized him to take a personal loan. He did, acquired the equipment under EMA, proposed to me then the lease of that equipment from EMA at the same rate that the National Bank of Washington would have, had they supported the request of the corporation. I authorized that. Those costs, as is commonly done, were passed on to FEMA.

I have investigated the EMA arrangement over that particular period of time and it appears to me that the only business that it had was indeed the leasing of that equipment to IMR, which represented a small amount of money, an amount which I don't know exactly what it was.

Mr. TRAFICANT. Is it true that your 8(a) minority status is under investigation currently?

Mr. GIBSON. No one has approached me on that topic. I read it in the newspaper, but I have not been approached by SBA or any other activity concerning a question with respect to——

Mr. TRAFICANT. You are currently in committee hearings with the Small Business Committee relative to this contact with FEMA?

Mr. GIBSON. Am I currently in——

Mr. TRAFICANT. Are there any other committee hearings here in Congress?

Mr. GIBSON. No, sir.

Mr. TRAFICANT. No further questions, Mr. Chairman.

Mr. VOLKMER. Thank you.

What other things, Mr. Elsey, besides bonuses, or Mr. Gibson, are included in basically the overhead?

Mr. GIBSON. What other items are included in the overhead?

Mr. VOLKMER. Yes.

Mr. GIBSON. The overhead includes insurance. It includes all of those items that are necessary to perform services for the government or anyone else outside of those areas that are supported by what we call G&A.

Mr. VOLKMER. Does that include automobiles?

Mr. GIBSON. That includes in some cases, but not all cases, automobiles. That includes the lease of a facility. That includes the telephone bill. That includes a copier, a rental of a typewriter, a word processing machine, paper clips, copying paper, everything necessary to perform.

Now, in some cases with automobiles, those charges are indeed, if it is directed by the Government, it is included.

Mr. VOLKMER. In other words, Mr. Elsey, I believe your contract with FEMA includes an allowance for an automobile? Is that correct?

Mr. Elsey?

Mr. ELSEY. No, you mean——

Mr. VOLKMER. In the agreement you have on the contract, does it not include any allowance for use of an automobile?

Mr. ELSEY. With FEMA?

Mr. VOLKMER. Yes.

Mr. ELSEY. No.

Mr. VOLKMER. All right. Do you have any allowance with IMR?

Mr. ELSEY. Yes, sir, I do.

Mr. VOLKMER. On the automobile?

Mr. ELSEY. Right.

Mr. VOLKMER. And this is put into the overhead then?

Mr. ELSEY. Right.

Mr. VOLKMER. What kind of automobile is that?

Mr. ELSEY. I have a Porsche.

Mr. VOLKMER. What year?

Mr. GIBSON. I think it is an 1983.

Mr. VOLKMER. How much are you allowed on that in the overhead, Mr. Gibson?

Mr. GIBSON. How much? He has an allowance of $500 monthly for expenses, automobile expenses, travel expenses, if you will.

Mr. VOLKMER. $500 a month?

Mr. GIBSON. That is correct.

Mr. VOLKMER. The gentleman wants to know what that $500 includes?

Mr. PACKARD. What kind of travel does that include?

Mr. GIBSON. Well, all of the division, and some of the project managers, as a part of compensation again, do indeed have what we call car allowances.

Mr. PACKARD. Let me be more specific in my question so that it will save time. It includes leasing of an automobile. It includes the gas and the maintenance and the upkeep of the automobile?

Mr. GIBSON. That is correct.

Mr. PACKARD. Obviously if there is a flight to some other part of your business, that is not taken out of the $500?

Mr. GIBSON. If it is a flight, it does not.

Mr. PACKARD. It is only surface transportation?

Mr. GIBSON. Right. If it is a trip from Washington to Emittsburg——

Mr. PACKARD. Do they get the $500 whether they use it all or not? In other words, if the amount of traveling that is done for a given month comes to $400, do they get the full $500?

Mr. GIBSON. Well, Mr. Packard, if it is negotiated, if a fixed rate is negotiated as a part of compensation, I am required by law to pay that, whether he parks his car or whether he uses his car 24 hours a day.

Mr. PACKARD. That answers the question.

Now, is the $500 different with Mr. Elsey than it is with the rest of your division managers?

Mr. GIBSON. No, sir. Oh, the sums may vary. But the other division managers, they do have cars.

Mr. PACKARD. And, again, you have answered the question of the chairman, that this cost, this $500 a month, is considered a part of overhead, and, therefore, is included in contractual arrangements with the Government, with FEMA.

Mr. GIBSON. No, sir. It is not necessarily—FEMA would have no knowledge of whether Mr. Elsey or anyone else in the corporation had a car allowance unless we were operating under what we call a cost-type contract.

And quite possibly in operating under a cost plus fixed fee type contract, they would still have no knowledge of it. An employee applies for a job or a manager applies for a job. And he may tell me that his demand for salary could be *x* amount of dollars.

In lieu of a portion of those dollars, then he may wish to substitute a portion of those dollars for a car allowance or an insurance policy, or whatever.

Mr. PACKARD. With the permission of the Chair—the benefits now that the manager has, the division manager has, is a salary?

Mr. GIBSON. That is correct.

Mr. PACKARD. Is it a fixed salary?

Mr. GIBSON. Is a fixed salary.

Mr. PACKARD. Would you be willing to disclose what that is?

Mr. GIBSON. The majority of the division managers have a salary of approximately between $50,000 and $60,000 a year.

Mr. PACKARD. And then there is the bonus allowance that is normally a part of it and that is an annual bonus allowance?

Mr. GIBSON. Yes.

Mr. PACKARD. Based on revenue. And the car allowance is a monthly $500 a month. The insurance and other fringe benefits, what are they like?

Mr. GIBSON. To the person?

Mr. PACKARD. Yes.

Mr. GIBSON. They vary, and they could vary, in that with some division managers they have insurance policies in excess of $100,000 a year.

Mr. PACKARD. The cost to the company for the insurance policies, have you figured that out on a per person basis?

Mr. GIBSON. No, sir. I have not.

Mr. PACKARD. Mr. Elsey, you have a business of your own also, EMA, is it?

Mr. ELSEY. Yes.

Mr. PACKARD. What does that company do?

Mr. ELSEY. In addition to the equipment leasing, it does consulting.

Mr. PACKARD. You do most of the consulting work?

Mr. ELSEY. Right. Basically in the area of microcomputers, programming, system design, that type of thing. We also do some work in the area of communications.

Mr. PACKARD. And it operates as a private company. It is not tied to the Government or Government contracts?

Mr. ELSEY. That is correct.

Mr. PACKARD. So you do private consulting and the leasing of equipment, et cetera?

Mr. ELSEY. Right.

Mr. PACKARD. Computerized type of equipment?

Mr. ELSEY. Right.

Mr. PACKARD. How much time does that company take for you?

Mr. ELSEY. Well, I think I should make it clear that when I say the types of activities that EMA does right now, that that is based on in the past couple of weeks, that I no longer work at IMR. Prior to that time it didn't really take that much time at all.

Mr. PACKARD. EMA did not?

Mr. ELSEY. Right.

Mr. PACKARD. How much time do you spend with IMR or did you?

Mr. ELSEY. How long was I at IMR?

Mr. PACKARD. No. How much time a week or month did you spend in doing your duties at IMR?

Mr. ELSEY. I would say I averaged about 60 hours a week.

Mr. PACKARD. I see. So you put in full time and more?

Mr. ELSEY. Yes.

Mr. PACKARD. You have indicated, Mr. Gibson, that you have had problems in the company with your accounting system. I have noted that you retained Price Waterhouse to do some work for you. Was that ever completed?

Mr. GIBSON. Yes, sir.

Mr. PACKARD. They completed their work? Did you implement their recommendations?

Mr. GIBSON. Yes, sir, I did.

Mr. PACKARD. Relative to the allegation that there has been double, triple, and quadruple billing, would you respond to that? I would be very interested in knowing what brought that allegation about, and what your response is.

Mr. GIBSON. Mr. Packard, I am aware of those allegations. There were indeed, I think, a couple of instances where there were I think double billings based upon my review of the billing to FEMA.

I should say, however, that due to the manner in which I think we were asked to perform for FEMA under contract, it did indeed lend itself to some of the problems which we are experiencing, or did experience at that time.

Mr. PACKARD. What was done with those multiple billings? What was done about them?

Mr. GIBSON. We had adjustments to credit FEMA prior to this investigation for the errors associated with those billings.

Mr. PACKARD. Do you have a comment, Mr. Elsey?

Mr. ELSEY. Yes, there was a period of time when we had a lot of trouble in terms of getting the contract approved. As a result, our accounting records got a little bit goofy. We had 2 or 3 vouchers early in our 36 contract where there were apparent instances of double billing. But before we reached the end of that task, we went back and reaudited the entire contract and gave credit for those amounts and reached a final price with FEMA that reflected that type of thing.

It is the type of situation, though, that if you look at the first two vouchers in the sequence, it does look like there is double billing.

I was very unsuccessful in communicating that problem to FEMA's IG.

Mr. PACKARD. Mrs. Smith, so that you won't feel like your showing at this hearing is not been worth your money, I think I should ask you a question or two also.

You worked formerly with—I should have said Mrs. Elsey—I am sorry. But as Mrs. Smith you worked for FEMA.

Mrs. SMITH-ELSEY. As Miss Smith, yes.

Mr. PACKARD. You worked as Miss Smith—I apologize. And before that you worked for the California firm, where Giuffrida was also?

Mrs. SMITH-ELSEY. Yes, I did.

Mr. PACKARD. In any way has your relationship as an employee of FEMA or your relationship with Mr. Giuffrida over the years, has that brought to IMR any preferred treatment by FEMA, to your knowledge?

Mrs. SMITH-ELSEY. No, sir. I think the only thing I gained from working at FEMA and at CSTI in California was subject matter expertise in emergency management.

Mr. PACKARD. What connection do you have with IMR?

Mrs. SMITH-ELSEY. Let's see. I think it must have been June 1984, as of June 1984 I no longer worked at IMR.

Mr. PACKARD. So you have worked for both FEMA and IMR in the past?

Mrs. SMITH-ELSEY. Yes.

Mr. PACKARD. Did I understand you correctly to say—let me ask. What connection do you have with EMA?

Mrs. SMITH-ELSEY. With EMA? I am certainly not a paid employee.

Mr. PACKARD. OK. I don't think I have any further questions.

Mr. VOLKMER. I have a few.

Mr. Gibson, I didn't know that Mr. Elsey was no longer running your division. Is that correct? Did you say that about 2 weeks now that you no longer run that division? Who is running that division now, Mr. Gibson?

Mr. GIBSON. That is being run at the present time by a Mr. Ross Duncan.

Mr. VOLKMER. Pardon?

Mr. GIBSON. By Mr. Ross Duncan.

Mr. VOLKMER. All right.

Mr. Gibson, under your firm, your corporation, approximately how much, what percentage of the business is done with Government agencies and how much is done with private corporations? Private individuals?

Mr. GIBSON. At the present time or past?

Mr. VOLKMER. Approximately now, or in the past. Say in 1984.

Mr. GIBSON. Ten percent.

Mr. VOLKMER. Ten percent which way?

Mr. GIBSON. Ten percent with private corporations or commercial activities, I would say, and the other 90 percent with the Federal Government.

Mr. VOLKMER. So what you are telling me is if I figure that the percent of profit from each operation was approximately the same—and I am sure it wasn't—but if we assume that for discussion purposes, it appears that the taxpayers have been paying Mr. Elsey approximately $450 a month for an automobile if you take 90 percent of $500.

And Mr. Gibson, what bothers me about that, is this whole program that you have a contract and are able to contract with the Government about, was based on being a minority, was it not?

Mr. GIBSON. That is true. That is true. But if I come back to the car again, had I not paid for the car, it would have been $500 in salary anyway.

Mr. VOLKMER. Why?

Mr. GIBSON. Because, again, if a manager comes to my table and he says I want $50,000 a year in salary, or I negotiate a $50,000 compensation package to him, he may say, pay me $25,000 in money and pay for the car, pay my insurance, et cetera, et cetera. The bottom line remains the same.

Mr. VOLKMER. In other words, it gets pretty expensive, then, to operate these type of programs, does it not?

Mr. GIBSON. Which programs?

Mr. VOLKMER. Well, if you are paying division heads this type of money, and we are looking at budget deficits, and we are listening to some people like OMB that say we have to cut back on heating for the elderly, because we cannot afford to pay a hundred dollars or $75 for somebody out there that could freeze to death, but yet indirectly we end up paying somebody $450, $500 taxpayers' money for an automobile.

Now, that doesn't sound quite right. When I go home back to my district, that is not going to sound quite right. I will be honest with you. It just doesn't sound good.

Mr. Elsey, do you have something to say about that?

Mr. **Elsey**. Yes, Congressman. It sort of seems to me you are implying, then, I should take a cut over what I could normally get to work for somebody who contracts with the Government. And I don't quite understand that.

Mr. **Volkmer**. Well, what I am saying is that perhaps that maybe someone else, as the President is saying, somebody else would do it for less. And Mr. Gibson, if he looks, could find somebody else to do it for less.

And we could save some money for the taxpayers, couldn't we? If it holds true for one, it holds true for another.

That is what I am saying, Mr. Elsey.

Mr. **Elsey**. In other words, you think I am overpaid?

Mr. **Volkmer**. Well, what I am saying is that if it is too much to provide this type of automobile expense for someone, or if it is not too much, then surely it isn't too much to provide $200, $150 for somebody to eat in this country. Do you think so?

Mr. **Elsey**. I might agree with that, yes.

Mr. **Volkmer**. All right. But some people in this administration I don't hear them talking about people up here getting these kind of car allowances and these type of things, but I sure hear them talking about we have to cut back on the school lunch program for kids, we have to cut back on the AFDC, welfare programs, things like that. You know, it just doesn't jibe. Does it to you?

Mr. **Elsey**. No. It is just a pretty complicated process when you start seeing how the Government spends its money.

Mr. **Volkmer**. Yes, very complex, yes. And some things are easier to focus on than others, right?

Mr. **Elsey**. Yes.

Mr. **Packard**. Mr. Chairman, before we dismiss this panel, I would like to ask two other questions, with your permission. One to Mr. Elsey: You mentioned, and it did come as a surprise to me, that you are no longer with IMR, is that correct?

Mr. **Elsey**. Yes, sir, that is.

Mr. **Packard**. Totally severed from them?

Mr. **Elsey**. Basically, yes.

Mr. **Packard**. Basically yes? Is there something I need to know?

Mr. **Elsey**. I think I have some severance pay coming still.

Mr. **Packard**. Any other employment that you have, either self-employed or someone else, are you contracting with FEMA?

Mr. **Elsey**. No, sir.

Mr. **Packard**. With IMR?

Mr. **Elsey**. No, sir.

Mr. **Packard**. Mr. Gibson, one last question that I would have for you. On December 12, 1984, you were reported to have had a meeting with the Justice Department. Did that meeting ever take place?

Mr. **Gibson**. December 12?

Mr. **Packard**. 1984.

Mr. **Gibson**. Yes, sir. I was, I think, subpoenaed by the Justice Department on or about—I did not actually meet with the Justice Department on December 12. I was subpoenaed earlier, and if I recall correctly, that was the day I had to deliver a set of documents requested by the Justice Department on the following day. I am not sure right now.

Mr. PACKARD. You were also subpoenaed I believe to appear before this subcommittee, is that correct at that time?

Mr. GIBSON. That is correct, sir.

Mr. PACKARD. Do you know why you were not able to meet that subpoena?

Mr. GIBSON. I had two requirements on the same day: one requirement to the Justice Department and one to this committee. I then requested that my counsel ask the chairman of this committee if he would be kind enough to excuse me to allow me to satisfy myself in the preparation——

Mr. PACKARD. Could you produce those two subpoenas on the same day?

Mr. GIBSON. I beg your pardon?

Mr. PACKARD. I say, you have two subpoenas on the same day. Could you produce both of those?

Mr. GIBSON. I have the Justice Department subpoena, and I don't believe I have yours.

Mr. PACKARD. I don't believe we need the one for this subcommittee. That's fine.

[The document referred to follows:]

GRAND JURY

United States District Court

For the District of Columbia

THE UNITED STATES

vs.

JOHN DOE

FGJ 85-1

REPORT TO UNITED STATES DISTRICT COURT HOUSE
Between 3d Street and John Marshall Place and on Constitution Avenue NW.
ROOM 3836
Washington, D.C.

To: IMR Systems Corporation
Isaac Gibson
Energy, Management and Marketing Division
Four Skyline Place
5113 Leesburg Pike, Suite 211
Falls Church, Virginia 22041

Please produce the documents specified on the attachment.

You are hereby commanded to attend before the Grand Jury of said Court on Wednesday the 5th day of December, 1984, at 9:30 o'clock A. M., to testify on behalf of the United States, and not depart the Court without leave of the Court or District Attorney.

WITNESS: The Honorable Aubrey Robinson, Jr., *Chief Judge of said Court, this* 21st *day of* November, 19 84.

Lucy Thomson
Lucy L. Thomson, Attorney
~~(202)724-6942~~
Attorney for United States

JAMES F. DAVEY, *Clerk.*

By Robert L. Lowe Deputy Clerk.

Form No. USA-8a-184 (Rev. 12-7-79) DOJ

Investigator and auditor
Meeting Dec 13
0930

MARSHAL'S RETURN

Subpoenaed personally all, the ....

day of ...., *19*........

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Not to be found: ....

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Marshal.

Grand Jury No............ ....

UNITED STATES

vs.

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SUBPOENA FOR THE GRAND JURY

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DOJ

1981 - 1099's
1983 - 1099's

SUBPOENA ATTACHMENT

International Management Resources
Energy Management and Marketing Division (IMR/EMMD)

Produce originals (and all copies in existence before the service of this subpoena) of all books, papers, and documents, (drafts or final, handwritten, typed or printed) computer tapes and printouts, and word processing discs of IMR/EMMD and any subsidiaries for calendar years 1980 to the present:

A. Corporate Records

1. All journals (or other books of original entry) and ledgers, including cash receipts journal, cash disbursements journal, sales journal, general journal, and general ledger and any other ledgers and journals maintained by the company.

2. IMR/EMMD accounting codes and/or accounting classifications used for FEMA contracts.

3. Audit reports and financial statements prepared by or on behalf of the company.

4. Documents showing who performed the bookkeeping functions and prepared the financial statements and audit reports.

5. Stock ownership records, including the name and address of the registrar and transfer agent for IMR/Energy Management and Marketing Division, International Management Resources Corporation, IMR Systems, Inc., IMR Leasing Limited, and Energy Management and Marketing Associates.

6. Documentation showing the organizational relationship and degree of ownership between IMR/Energy Management and Marketing Division, International Management Resources Corporation, IMR Systems, Inc., IMR Leasing Limited, Energy Management Marketing Associates and any parents, subsidiaries, affiliates and subcontractors.

7. Minutes of all meetings of the board of directors, executive committee and stockholders, including all documents or data used or presented at these meetings.

8. General correspondence and administrative files relating to FEMA contracts; including incoming correspondence, copies of outgoing correspondence, telegrams, teletypes, and private wire messages.

9. All telephone bills and records of long distance calls.

10. Documentation for all computer files produced.

B. Financial Records

11. Documentation identifying all bank accounts in the name of IMR/Energy Management and Marketing Division, International Management Resources Corporation, IMR Systems, Inc., IMR Leasing Limited, Energy Management Marketing Associates and Isaac Gibso and William Elsey, including the name of the bank, account numbe and address.

12. Checking, trust, escrow, CD and savings accou statements, deposit records, withdrawal notices and cancell checks for all IMR/EMMD accounts identified above.

13. Records of credit card accounts in the name of IMR/E or any of its officers.

14. IRS 1099 forms for all consultants and subcontracto

C. Personnel Records

15. Manuals or procedures for employees, consultants c subcontractors.

16. For each current or former employee, consultant or subcontractor for whom payment was requested or received for work on any FEMA contract, provide the following documents and computer tapes:

- personnel files
- agreements or contracts; description of responsibilities under FEMA contracts
- documents showing the person's name, address, social security number and telephone number
- documents showing listings of vouchers payable forms, and all related backup forms and documents showing payment of salaries, fees, commissions, travel, entertainment and other expenses.

17. Calendars, diaries, daily records, appointment books, telephone records for the following individuals:

- Isaac Gibson
- William Elsey

18. All records showing transactions between IMR/Energy Management and Marketing Division, International Management Resources Corporation, IMR Systems, Inc., IMR Leasing Limited, Energy Management Marketing Associates, and their officers, directors and affiliates, including documents showing direct and indirect compensation, remuneration, loans, dividends, bonuses, interests, profits, gifts and employment contracts.

Mr. PACKARD. I should have asked one further question, Mr. Elsey. When you mentioned severance pay, did you resign from your position with IMR, or were there other reasons for not being there?

Mr. ELSEY. I think Mr. Gibson just got a little bit tired of reading my name in the paper with my wife's name being linked to the head of FEMA. I know Mr. Villella sort of took the axe for the fall guy, but I'll tell you that this investigation has taken a toll on IMR. We felt like for a long time we were stuck between you guys and FEMA, and one of you would hit us one day and the other would hit us the other day, and it has really had a very bad impact on our business.

Mr. PACKARD. I can appreciate that. So you did not resign?

Mr. ELSEY. That is correct.

Mr. GIBSON. As a result of the newspaper articles, and as a result of this hearing, we have suffered, and we have lost substantial business. We have cut back. We have laid off a number of employees. We just could not carry them and at the same time support the necessary counsel and to support the requirements to this fine committee, as well as the Justice Department, in meeting the delivery of tens of thousands of pieces of paper.

So I asked Mr. Elsey, would he be kind enough to step aside while we try at the same time to support the requirements of FEMA and to answer to your committee.

Mr. PACKARD. Thank you very much.

Mr. VOLKMER. Mr. Gibson, did I understand you correctly, in answering the gentleman from California's question, that you were supposed to be at the Justice Department on December 12 as well as being here?

Mr. GIBSON. No, sir, I was not.

Mr. VOLKMER. I wanted to give you an opportunity to correct that.

Mr. GIBSON. I was not required to be at the Justice Department, no, sir. I did have a requirement for a document.

Mr. VOLKMER. Pardon?

Mr. GIBSON. I did have a requirement, as I understand it, to deliver documents, but I was not required to be at the Justice Department.

Mr. VOLKMER. You mean you had a requirement to be someplace else that day, on December 12?

Mr. GIBSON. No, sir. I had a subpoena from the Justice Department for essentially all the documents in the corporation, all of them.

Mr. VOLKMER. Right.

Mr. GIBSON. And an impossible day to deliver those documents.

Mr. VOLKMER. Right.

Mr. GIBSON. I requested my counsel to ask the chairman of this committee if he would be pleased enough to excuse me in order to allow me to——

Mr. VOLKMER. To get all the documents ready to give to the Justice Department, is that what you are trying to tell me?

Mr. GIBSON. To satisfy the Justice Department.

Mr. VOLKMER. In other words, there isn't anybody else out of 30 employees——

Mr. GIBSON. Sir, if this Department or this committee asks me for a document which you did know, no, sir, nobody else will release those documents. I will ensure that I review every document that is leaving my office to ensure that the subpoena is met to the letter, and all the documents are delivered. And I think that members of your staff will testify to the fact that I continually discussed with this committee and with your investigative staff the documents which you had asked for, to ensure that you received those documents. And I did likewise for the Justice Department.

Mr. VOLKMER. I appreciate that. I do wish that maybe there wouldn't have been a misunderstanding back in December as to the reason for your not being here. It would have saved everybody a lot of problems probably.

I want to thank all of you for being here, Mr. Gibson and Mrs. Elsey and Mr. Elsey. I appreciate your testimony.

We will now conclude the hearing. I would like to have Mr. Timothy M. Haake to come to the table, and the rest of you can be excused.

[Witness sworn.]

TESTIMONY OF TIMOTHY M. HAAKE, COUNSEL TO MR. GIBSON

Mr. VOLKMER. Now, Mr. Haake, back on December 12, when you were representing as counsel for Mr. Gibson, I believe at a request from now Senator Gore but at that time chairman of this subcommittee, you stated that Mr. Gibson could not appear because, and I quote your statement "He is at this moment meeting with the Justice Department on exactly the same issues that you are looking into here."

You also advised the subcommittee staff nearly a week prior to the December 12 hearing that Mr. Gibson had a conflict and that he was scheduled to meet with the Justice Department at the same time as the hearing.

Now, we thereafter received from the Justice Department a letter that no such meeting was ever scheduled or held. Could you explain this discrepancy?

Mr. HAAKE. Yes, I can, Mr. Chairman. I did so testify, as you indicated. I was under the impression, when I came up here, that he was, in fact, meeting with the Justice Department. As it turns out, he was meeting with another attorney from our firm to go over the records, as he just indicated, in preparation for turning those documents over to the Justice Department. I misspoke. I was misinformed or made a mistake, and so testified before the committee. I subsequently learned that he was meeting with another attorney from our firm.

Mr. VOLKMER. And the purpose of that, was that to discuss possible testimony before this committee, or do you know?

Mr. HAAKE. The purpose of that meeting with the other attorney?

Mr. VOLKMER. Yes, at that time.

Mr. HAAKE. No, it was not. It was to review the documents which the grand jury had requested and which were due to be presented I believe the following day, which would have been December 13.

Mr. VOLKMER. Well, Mr. Haake, would you agree, if I made a statement that perhaps you should be a little more careful in making your statements before a congressional committee?

Mr. **Haake**. Yes, sir, I would agree with that completely. If I may, let me just explain the context in which that took place.

Mr. **Volkmer**. Sure.

Mr. **Haake**. I would not have intentionally tried to mislead the committee. That was my honest understanding of the situation when I came up here. I did not come up here to testify nor was I prepared to testify. I came up here to deliver a letter to the then committee chairman that Mr. Gibson would not be testifying. No one else was present, of all the witnesses that had been called previous to Mr. Gibson, and when his name was called, I stood up and came to this microphone and said "I have a letter." I was then asked to sit down and answer several questions by the then committee chairman, which I did. It was in the context of that that I misspoke.

Subsequent to that, I learned of my error. I was contacted by the Justice Department about that. I sent them a letter indicating that I misspoke. I attempted to clarify the record of this subcommittee. I have also sent a letter to you personally so indicating.

Let me also say, equally emphatically, that I worked on the Hill for several years. I was counsel to a member of the Oversight Subcommittee on the Ways and Means Committee. I understand the functioning of the committee, and I respect it. I have no intention or desire to mislead the committee now or did I at that time. What I said then was what I honestly believed to be the case. Subsequent to that, I learned that I was wrong. I apologized, and more than that, I don't know what I can say.

Mr. **Volkmer**. We will accept your apology, Mr. Haake, even though as a former practicing attorney, Mr. Gibson is your client, is he not?

Mr. **Haake**. Yes, sir.

Mr. **Volkmer**. Or is he a client of your firm? Which is it?

Mr. **Haake**. When I joined the firm from another firm, he came with me and IMR. They are one and the same.

Mr. **Volkmer**. He is your client, and after seeing this and seeing the statement that was made at the time, it is pretty hard for me to understand how you, as an attorney, don't know where your client is; when he is supposed to be someplace, you know where he is supposed to be. Surely somebody had to tell him before December 12 that he didn't have to be here, didn't they? Somebody told him that?

Mr. **Haake**. Yes. Yes, sir.

Mr. **Volkmer**. Whoever told him that knew why he wasn't going to be here because they told him he didn't have to be here.

Mr. **Haake**. That goes back to the substance of the letter, which I delivered at that time, which indicates rule 11, et cetera, which I think we are all aware of.

Mr. **Volkmer**. Well, thank you very much, Mr. Haake.

Mr. **Haake**. Thank you. I appreciate the opportunity to clear up that error.

Mr. **Volkmer**. Thank you very much. I appreciate that, and we will adjourn the hearings.

[Whereupon, at 7:15 p.m., the subcommittee was adjourned, subject to the call of the Chair.]

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